

Danish Organisation Strategy for the Green Climate Fund (2024-2027)

Introduction:

The Green Climate Fund was established in 2010 by 194 Parties to the UNFCCC, as part of the Convention's financial mechanism. GCF provides support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impact of climate change.

GCF key results (2024- 2027 period):

- Mitigation of 1.5 to 2.4 gigatonnes of CO2 equivalent
- Enhanced resilience of 570 to 900 million people

Justification for support:

- Fully aligned with the Danish strategy for development cooperation 'The World We Share' and the Global Climate Action Strategy: A Green and Sustainable World
- GCF has a crucial role in serving the UNFCCC and the Paris Agreement and enjoys a high degree of legitimacy with an equal number of developed and developing country in the Board.
- As the largest global fund dedicated to fight climate change, GCF is solidly positioned in the international climate finance architecture, and lead contributor to ensure complementarity between the int. climate funds.
- Size and volume of GCF projects including co-financing provide greater opportunities for impact at scale.

How will we ensure results and monitor progress:

- Active engagement in between and during Board meetings, monitor Danish priorities and progress based on GCF's results framework (IRMF).
- Actively work for a MOPAN-assessment of the GCF.
- Strategic engagement with GCF at HQ and at country level through selected embassies with GCF National Designated Authority.
- Building alliance with like-minded partners/countries.

Risk and challenges:

- Insufficient capacity in LDCs and SIDS to develop national project proposals.
- Insufficient capacity in the GCF Secretariat to manage the increase in programming resources and number of AEs and project proposals within a reasonable timeframe.

File No.	2023-25376				
Responsible Unit	KLIMA				
	2024	2025	2026	2027	total
Commitment (Mill.)	250	450	450	450	1600
Projected ann. Disb.	250	450	450	450	1600
Duration of strategy	4 years (2024-2027)				
Finance Act code.	06.34.01.25 + 06.34.01.70				
Desk officer	Charlotte Just				
Financial officer	Jacob Strange-Thomsen				

SDGs relevant for Programme

 1 NO POVERTY	 2 NO HUNGER	 3 GOOD HEALTH, WELLBEING	 4 QUALITY EDUCATION	 5 GENDER EQUALITY	 6 CLEAN WATER, SANITATION
 7 AFFORDABLE CLEAN ENERGY	 8 DECENT JOBS, ECON. GROWTH	 9 INDUSTRY, INNOVATION, INFRASTRUCTURE	 10 REDUCED INEQUALITIES	 11 SUSTAINABLE CITIES, COMMUNITIES	 12 RESPONSIBLE CONSUMPTION & PRODUCTION
 13 CLIMATE ACTION	 14 LIFE BELOW WATER	 15 LIFE ON LAND	 16 PEACE & JUSTICE, STRONG INST.	 17 PARTNERSHIPS FOR GOALS	

Budget (DKK)*

GCF core funding	1.600.000.000
Total:	1.600.000.000
* 2025-27 allocations are subject to annual parliamentary approval	

Danish involvement in governance structure

- Board member and shared Board seat with NL and LUX.
- Member of the Accreditation Committee.
- Member of the Constituency of Developed Countries.
- Coordination with the Nordic group and Danish observer to the Board.

Strat. Objectives

The aim of Danish support to GCF is to reduce greenhouse gas emissions and build resilience, and increase the ability of developing countries to adapt to climate change impacts, and contribute to making global financial flows consistent with low-emission and climate-resilient development. Thereby it is a key contribution to the implementation of the Paris Agreement. GCF serves as a critical element of Denmark's ambition to increase mobilization of climate finance and take lead on climate action internationally.

Priority results

Enhanced access to GCF resources (including accreditation)

Enhanced country ownership and efficiency of GCF support at country level

Private Sector: Promoting innovation and catalysing green financing

Strengthening safeguards and gender mainstreaming

Core information

Established	Decision at COP15 (2009), established in 2010, operationalised 2014.
Headquarter	Songdo, Republic of Korea
Executive Director	Mafalda Duarte (since Aug. 2023)
Partner countries	194
Human Resources	300 employees – all in Songdo
Funding amount by target	50% adaptation and 50% mitigation (grant equivalent terms)
Adaptation funding going to the most vulnerable countries (April 2024)	54% (grant equivalent terms)
Results to date (anticipated, April 2024)	1 billion people with increased resilience 2,9 tonnes of CO2 equivalent avoided

Danish Organisation Strategy
for
The Green Climate Fund
2024-2027

April 2024

Table of Contents

1. Objective of the Organisation Strategy	1
2. The Organization	1
2.1. Mandate and Mission	1
2.2. Governance and Management Structure.....	2
3. Lessons Learnt, Key Strategic Challenges and Opportunities	3
3.1. Status of the GCF.....	3
3.2 Lessons Learned 2020-2023	4
3.3 Strategic Plan for the GCF 2023-2027 and Vision 50by30	7
4. Danish support and priorities.....	9
4.1 Justification for support.....	9
4.2 Danish priorities.....	10
5. Budget	13
6. Danish means of influence and monitoring	13
6.1 Monitoring.....	14
7. Risks and assumptions	15
Annexes	18
Annex 1 Organisation Chart	18
Annex 2 GCF-2 Contribution by State (in million USD) as of March 2024.....	19
Annex 3 Accumulated pledges of periods: IRM, GCF-1 and GCF-2 (in million USD) as of February 2024.....	20
Annex 4 Key Lessons learnt 2020-2023	21
Annex 5 List of stakeholders consulted and list of key background documents	25
Annex 6 Results Framework DOS 2024-2027	27
Annex 7 NL-DK-LUX constituency – Principles and division of labour	31
Annex 8 GCF statistics from selected countries including key observations from on-line and physical interviews with Danish embassies.....	33
Annex 9 GCF strengths and comparative advantages	37

List of Abbreviations

AE	Accredited Entity
AF	Adaptation Fund
CSO	Civil Society Organisation
CIF	Climate Investment Fund
COP	Conference of the Parties
DAE	Direct Accredited Entity
GCF	Green Climate Fund
GCF-1	Green Climate Fund 2020-2023
GEF	Global Environment Facility
HQ	Headquarters
IAE	International Accredited Entity
IRMF	Integrated Results Management Framework
KEFM	Ministry of Climate, Energy and Utilities
LCD	Least Developed Countries
LTS	Long-Term Strategy
MFA	Ministry of Foreign Affairs
NAP	National Adaptation Plan
NDA	National Designated Authority
NDC	National Determined Contribution
PPF	Project Preparation Facility
RRMF	Readiness Results Management Framework
RTT	Results Tracking Tool
SDG	Sustainable Development Goals
SIDS	Small Island Developing States
SP	Strategic Plan
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USP	Updated Strategic Plan

1. Objective of the Organisation Strategy

This Strategy for the cooperation between Denmark and the Green Climate Fund (GCF) forms the basis for the Danish contributions to the GCF, and it is the central platform for Denmark’s dialogue and partnership with GCF. It sets up Danish priorities for GCF’s performance within the overall framework established by GCF’s own strategy “Strategic Plan for the Green Climate Fund 2024-2027”. In addition, it outlines specific goals and results vis-à-vis the GCF that Denmark will pursue in its cooperation with the organisation. Denmark will work closely with like-minded countries towards the achievement of results through its efforts to pursue specific goals and priorities.

2. The Organization

The Green Climate Fund (GCF) is the world’s largest multilateral climate fund. As the financing mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and a critical element of the Paris Agreement, GCF’s mission is to support developing countries in raising and realising their climate ambitions towards low-emission, climate-resilient pathways. As of April 2024, GCF has committed almost USD 13 billion in funding to 253 projects in 129 developing countries.

Support to GCF serves as a critical element of Denmark’s ambition to increase mobilization of climate finance and to lead on climate action internationally. Denmark has supported the Green Climate Fund before it became operational and since then, with two executive grants.

2.1. Mandate and Mission

The Green Climate Fund (GCF) was established following decision at the 15th Conference of the Parties (COP15) under the UN Framework Convention on Climate Change (UNFCCC), which took place in Copenhagen in 2009. In 2010, the GCF was formally set up by the 194 Parties to the UNFCCC and “accountable to and functions under the guidance of the COP”¹ and in 2015, the first projects were approved. The GCF is an operating entity guided by the UNFCCC and serves the Paris Agreement, but remains a legally independent institution with the GCF’s Governing Instrument setting out mandate and working methods.

GCF takes a country-driven approach, where programmes are formulated with relevant national stakeholders and objectives included in national action plans. A National Dedicated Authority (NDA), often from the Ministry of Finance, coordinates programmes and pipelines with country specific stakeholders. The Fund plays a key role in catalysing both public and private climate finance, and seeks a 50:50 balance between mitigation and adaptation investments with minimum 50 per cent of adaptation finance allocated to vulnerable countries, i.e. the Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States².

Green Climate Fund	
Established	Decision at COP15, operationalised 2010, first project approved 2015
HQ	Songdo, Republic of Korea
Executive Director	Mafalda Duarte (since Aug. 2023)
Board co-chairs	UK/Dominican Republic
Human resources	Approx. 300 staff members
Financial resources pledged	10.3 billion USD (2014-19) 9.9 billion USD (2020-23) 13.2 billion USD (2024-27)
DK contributions	DKK 400 million (2014-19) DKK 800 million (2020-23)

GCF provides funding primarily through grants and loans, and also to a lesser extent in the form of equity and guarantees to partner organisations, known as Accredited Entities (AE). Application for GCF

¹ UNFCCC (2011) The Cancun Agreements: outcome of the work of the ad-hoc working group on long-term cooperative action under the Convention.

² During the GCF strategic period 2020-23, 67 per cent of adaptation funding was allocated to this particular group.

funding is through these AEs. AEs can be either Direct Accredited Entities (DAE) comprising government institutions, national banks and CSOs or International Accredited Entities (IAE) like multilateral development banks, UN organisations, international banks and international NGOs. Funding is guided by an investment framework with a set of six criteria³. All developing Country Parties to the Convention (non-annex I parties) are eligible to receive funding from the GCF.

A critical support provided by GCF is its Readiness Programme, which is the world's largest climate capacity building programme with more than half a billion USD in commitments supporting 135 countries. It supports national capacity building, development of institutional frameworks, initiate programming and project development, and develop National Adaptation Plans. The NDA is also in charge of coordinating readiness support at national level.

2.2. Governance and Management Structure

The GCF is governed by a board of 24 members, distributed equally between developed and developing countries. Two co-chairs (one from each of the developing and developed constituencies) are elected by the board for a period of one year. Denmark shares its seat on the Board with the Netherlands and Luxembourg based on an agreed rotation scheme and priorities. Representation from Denmark at the GCF Board consists of a staff member from the MFA. Several committees, panels and groups assist the Board in decision-making, and exercise delegated authority from the Board if and when necessary (ref. GCF organogram, Annex 1). Denmark currently serves on the Accreditation Committee⁴. Civil society and private sector representatives participate as active observers in the three board meetings per year.

The GCF Secretariat has around 300 employees and is headed by an Executive Director appointed and accountable to the Board. When fully staffed, the GCF Secretariat will have a total of 350 staff. The GCF has no regional or national offices, though some form of regionalisation is under consideration by the Board. The World Bank serves as the trustee of the Fund and manages the financial assets. As the GCF has matured so has the Secretariat and highly performing as demonstrated by programming of 99 per cent of GCF-1 (2020-2023) resources by end 2023. The seven overall operational priorities outlined in the Updated Strategic Plan 2020-2023 (USP-1) have been delivered or substantially advanced⁵.

However, the independent evaluation of GCF-1, the so-called "Second Performance Review"⁶ points to the secretariat's performance vis-à-vis the board as inconsistent though maturing, and highlights that although board members appreciate the role of the secretariat in developing and appraising funding proposals and technical expertise, there is room for improvement concerning documents and advice to the Board. High turnover in staff is considered a contributing factor, and an ad-hoc Board committee set-up late 2023 is to address work-balance, compensation issues etc. Since early 2024, the GCF secretariat is going through an organisational restructuring process including establishment of new units on policy development, results management, learning and knowledge and partnerships, re-organisation according to geographical regions and abolishing of middle-management. The Executive Director will present her plans for the restructuring process later in 2024.

³ Focusing on: 1) impact (contributing to the GCF results areas); 2) paradigm shift; 3) sustainable development potential; 4) needs of recipient countries; 5) coherence with a country's existing policies or climate strategies; 6) the effectiveness and efficiency of the proposed intervention including its ability to leverage additional funding.

⁴ Denmark expects to continue in the committee until at least end 2025 and possible until end 2028.

⁵ GCF/B.38/inf.01/add.04: Final report on the implementation of the Updated Strategic Plan 2020-2023, March 2024

⁶ GCF/B.35/07: Second Performance Review (SPR) of the Green Climate Fund: Final Report | Green Climate Fund

3. Lessons Learnt, Key Strategic Challenges and Opportunities

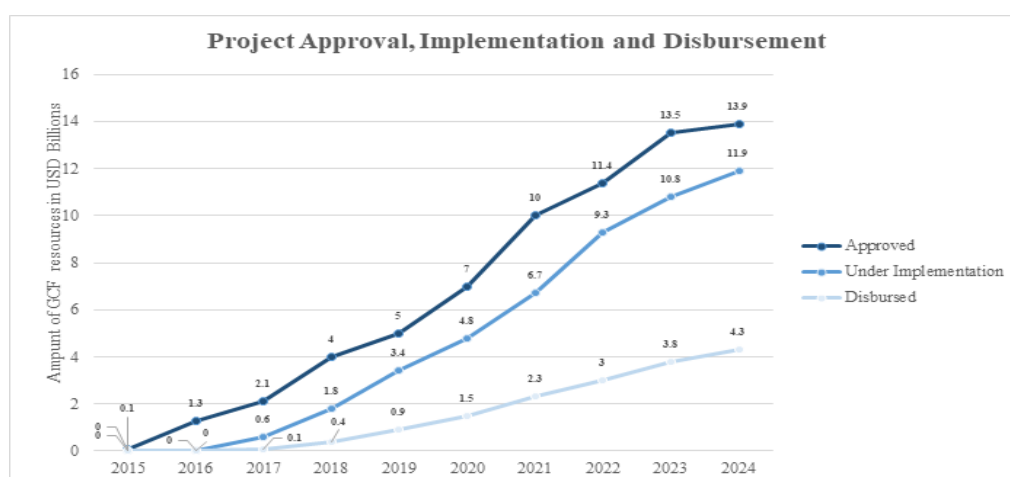
3.1. Status of the GCF

Since the GCF adopted its first Strategic Plan in 2016, the operating context of the GCF has evolved significantly. The latest science has highlighted the urgency of climate action and several reports documented the climate finance gap, the Paris Agreement entered into force in 2020 and the GCF itself has moved to a more mature stage of operations, policies and partnerships with a substantial project pipeline of USD 4 billion in project proposals and USD 16 billion in concept notes end 2023.

The GCF Board has so far approved 253 projects with a total value of USD 53 billion, where GCF funds constitute USD 13.9 billion. The 253 projects are located in Asia-Pacific (106), Africa (104), Latin America and Caribbean (66) and Eastern Europe (14) including 111 LCDs and 64 SIDS. The majority of projects are within livelihoods (167), health, food and water security (128), ecosystems (92), energy (73), forest (73) and infrastructure (68). 41 per cent is financed with grants, 40 per cent with loans and the remaining through equity, results-based payments or guarantees. However, as of April 2024 GCF has only disbursed USD 4.3 billion, and even though GCF has managed to speed up the last year with 1 billion USD disbursed in 2023, it still does not reflect the sense of urgency for climate action.

During the same period several examples of synergies between Danish bilateral climate efforts and GCF funding have emerged including in Uganda in relation to the ARCAFIM initiative lead by IFAD⁷, in Kenya with a FAO/Danish Agriculture & Food Council lead GCF-funding proposal⁸ which Denmark plans to co-finance from 2025, and in Ethiopia and Brazil where Danish support is considered in relation to a forestry initiatives also supported by GCF under REDD+ (Ethiopia) and Amazonas initiative (Brazil). GCF has also shown interest in Danish initiatives including High-level initiative on climate-development nexus and co-financing of the Investment Mobilization Collaboration Alliance (IMCA).

During GCF-1, GCF accreditation of AEs reached 128 of which 110 signed legal arrangements and 99 AEs fully completed accreditation. The AEs are 52 per cent DAEs, 37 per cent IAEs and 11 per cent Regional AEs. In size, the AEs are divided between micro (17 per cent), small (27 per cent), medium (28 per cent) and large AEs (28 per cent).



Source: GCF Dashboard, April 2024

Overall, the approved projects are anticipated to lead to 1 billion people with increased resilience towards climate change and 2.9 billion tonnes of CO₂ equivalent avoided.

⁷ Where Danish funding of 40 mio. DKK contributes to mobilising international financing for adaptation through key soft components, like linking funders and financial institutions, ensuring the use of international standards and working with producers and farmers, including women-led farms and enterprises

⁸ “Transforming Livelihoods through Climate Resilient, Low Carbon, Sustainable Agricultural Value Chains in the Lake Region Economic Bloc”

In December 2023, GCF successfully finalized its second replenishment process with new pledges from 32 countries totalling USD 12.8 billion grant equivalent⁹. The amount pledged exceeded the results from each of the two previous pledging rounds in 2014 and 2019 with 24 and 28 per cent respectively¹⁰. The Danish pledge of 1,6 billion DKK doubled vis-à-vis GCF-1 following the same trend as previous replenishment rounds. Denmark is the 11th largest contributor in terms of pledged amount, the fourth largest in terms of amount pledged per capita (Monaca, Luxembourg, Norway - and probably also Sweden when amount is known - being significantly larger) and overall the 12th largest contributor since the establishment of the GCF. This is still significantly lower than likeminded Sweden (no. 6), Norway (no 8) but at pair with Netherlands (no 13) (see also Annex 2).

The GCF is an important platform to manifest support for adaptation finance particularly to the most vulnerable developing countries, and facilitate dialogue and build trust between the Parties to the UNFCCC and the Paris Agreement, to ensure complementarity with MDB and other climate financing mechanisms to mitigate financing risks. A recent example is “local currency”¹¹ which following global debate is scheduled for board discussion in GCF in 2024/25¹². It is also likely to be an issue under the COP29 guidance to the GCF with joint EU-positions, discussed during the WB IDA replenishment, in OECD-DAC and considered for a priority area under the new Danish Africa Plan. The enhanced and consistent Danish engagement with the GCF gives Denmark a strong and legitimate voice as a committed and serious partner since 2016, which benefits Danish (and EU) priorities and positions in climate and similar related negotiations. As such, the GCF also represents a forum for promoting strategic interests that coincide with the Danish priorities in the UNFCCC negotiations.

3.2 Lessons Learned 2020-2023¹³

Key lessons learned have been drawn from various GCF evaluations, GCF Second Performance Review (2023), the Danish Mid-Term Review (2022) and consultations with stakeholders from civil society and international organisations, and stakeholders and Danish embassies in Uganda, Kenya, Rwanda (see Annex 5 for list of people consulted and list key background documents).

GCF moved forward on key Danish strategic priorities 2021-2023

Concerning the four priorities pursued by Denmark 1) *maximising impacts of GCF investments*, 2) *Efficiency in the Board*, 3) *country ownership*, 4) *safeguards and gender mainstreaming*, one of the most significant achievements was approval and rollout of a new improved Integrated Results Management Framework (IRMF) and Portfolio Performance Management System (PPMS). The new framework and management system are considered more robust in tracking the Fund’s contributions to the goals put forward by the UNFCCC and the Paris Agreement. Given the relatively young age of GCF-projects and the long-term nature of climate impact, measurable climate effects are to date still modest¹⁴. Further and importantly from a Danish perspective, the balance between mitigation and adaptation funding was maintained during GCF-1 and a consistently high number of funding proposals approved. There was advancement on the use of guarantees¹⁵; approval of a revised Readiness Strategy 2024-2027; whereas the updated accreditation framework unfortunately felt short of addressing structural issues related to accreditation (see further

⁹ Grant equivalent is calculated based on terms in Policies for Contributions.

¹⁰ USA and Australia returned with new pledges after absence during GCF-1, and Sweden pledged to contribute but the exact amount is not confirmed.

¹¹ Local currency effect = loans in dollars (for instance from GCF, MDBs etc) increases developing countries’ debt burden in domestic currency term when the local currency depreciates against the dollar, thus leading to higher debt burden without providing better public services (access to water, energy, health services etc.).

¹² Board work plan 2024-2027

¹³ Please refer to Annex 4 for more detailed information on the GCF Second Performance Review (2023), the Danish Mid-Term Review (2022) and the outcome of the Danish Organisation Strategy 2021-2023.

¹⁴ Application of the IRMF has taken place since 2023 with around 30 new Project Completion Reports to be submitted in 2024.

¹⁵ [Launch of Green Guarantee Company to mobilise billions in climate finance | Green Climate Fund](#)

below). Subsequently, it has been decided to revise thoroughly the entire system and reaccreditation paused for three years in order to dedicate resources to new accreditations.

Thus, some of the initial operational and institutional challenges identified in the Danish Organisation Strategy for GCF 2021-2023 in relations to gaps in policy development, board micro management, weak results management, challenges in the institutional governance have been partly addressed and to some extent solved but nonetheless, challenges remain. As outlined in the SPR and pointed out by GCF staff and other stakeholders interviewed, GCF is still finding its way in order to manifest itself fully nationally and globally.

Governance improved despite protracted COVID-period

During GCF-1, Denmark jointly with the Netherlands and Luxembourg supported the GCF Secretariat to ensure efficient and effective implementation of agreed policies, plans and approval of funding proposals and entities for accreditation. The Board work was, however, significantly challenged by the Covid-19 pandemic, and from 2020 until early 2022 the board only convened virtually. It significantly affected the opportunity to build networks and alliances among and between Board members, and as also emphasised by the Second Performance Review (SPR) it affected the co-chairs' opportunity to manage individual Board members' priorities and engagements. This could have severely hampered the negotiations on the Strategic Plan 2024- 2027 and the initial discussions were difficult. However, following additional in-person meetings in Paris and Bonn, the Board managed to bridge its differences and the PS approved mid-2023 as a testimony of an improved governance climate in GCF-1. Also, the 2019 agreement on simple majority voting procedure for decision-making in the absence of consensus were applied seamlessly to approval of funding proposals. In a further attempt to improve governance, the Board decided to review the mandates of committees, panels and groups under the Board by end 2024.

Operational challenge: accreditation - a major stumbling block to access GCF funding

The SPR highlighted that the accreditation process is seen as protracted, insufficiently transparent, and not linked to programming. According to the Governing Instrument¹⁶ access should take place through accreditation of an entity before submission of a funding proposal. The accreditation process verifies the expertise, policies, fiduciary standards etc. of applying entities and accreditation is granted for five years. GCF has no right of refusal but to continue the dialogue until the entity can live up to the demands¹⁷. There are 99 fully accredited AEs but with only 20-30 projects approved a year, not all AEs get a funding proposal approved during the five years' accreditation period.

Thus during the GCF-1 period, the work on re-accreditation exposed weaknesses in the model, emerging as a bottleneck to programming and drain on the GCF's accreditation processing capacity, without generating commensurate benefits. GCF has implemented a three-year pilot for a project-specific assessment approach to accreditation (PSAA) broadening access to GCF finance by allowing GCF to work with new partners seeking one-off, project-based engagement.

Developing countries, especially LDCs and SIDS continue to highlight access to GCF funding as a challenge citing the limited number of DAEs getting funding (24 per cent). Programming gaps at country level combined with insufficient policies and capacity or experience with climate finance among DAE candidates, have hampered the opportunity for DAEs to apply for and become accredited, or to directly access GCF funds. Some DAEs require significant external technical assistance to develop sufficiently

¹⁶ GI, art. 45.

¹⁷ Interview with GCF staff.

robust project proposals to the GCF¹⁸. GCF is in the process of developing a more strategic partnership approach, and engage in national programming to strengthen countries access to funds. Board priority in 2023 has been to favour financing proposals with DAEs.

Operational challenge: country ownership insufficient

The above challenges in accreditation and access to funding have also had a reverse impact on country ownership and a country-driven approach, which is one of GCF's core principles. Even with future enhanced focus on national programming it requires significant resources from NDAs to drive national coordination with national stakeholders. Furthermore, a vast majority of GCF funding is challenged through IAEs implementing regional or Multi-Country projects, with limited coordination and engagement of national stakeholders including NDAs and DAEs¹⁹. Overall, the limited capacity of both NDAs and DAEs, and the IAE²⁰ driven project implementation continues to challenges national ownership.

In Oct. 2023³³ the GCF Board approved a revised Readiness Strategy 2024-2027²¹ and revised operating modalities of the Project Preparation Facility²² (PPF). The improvements toward a more integrated, country-led approach with an emphasis on programming, simplifying access to resources through multi-year budgeting is intended for country programmes to serve as the main point of origination for the GCF pipeline. The origination of a country-led GCF pipeline will underpin NCDs, NAPs and other climate strategies.

Operational challenge: gender, indigenous peoples and ESS policies are not enough

The GCF has positioning itself to better address gender equality and social inclusion throughout GCF-1. The GCF has strong gender and indigenous peoples policies and has made some steps to operationalize them across the organization. A policy shift in 2019 from gender sensitivity towards the higher standard of gender responsiveness has been supported by upgrading standards and expectations for partners and documents but so far not evaluated in terms of gender outcome. While gender and indigenous peoples have dedicated policies, and the Gender Policy references “vulnerable populations”, there is less policy clarity or focus on disadvantaged populations more broadly. Furthermore, GCF-1 has fewer projects targeting women as direct beneficiaries. According to the SPR, the data on indigenous peoples is both sparse and problematic. Only 37 per cent of proposals during GCF-1 impact potentially indigenous peoples; however, only with reference to locations in which indigenous peoples live and not necessarily targeting indigenous peoples themselves.

The GCF has so far operated based on interim environmental and social safeguards standards (ESS) adapted from the International Finance Cooperation (IFC). The Board has requested the development of GCF-specific environmental and social safeguards to be presented latest in 2025. In 2019, the IEU conducted an evaluation of the GCFs interim ESS and found that it is imperative for the Fund to urgently develop and adopt new environmental and social safeguard standards, policies, procedures, and guidelines that align with its climate mandate and are international best practices. Major gaps in the current ESS include inadequate monitoring of ESS compliance and insufficient guidelines on how funded projects should report on social and environmental outcomes.

¹⁸ Visit to Uganda Ministry of Environment revealed that the Ministry only managed to developed a proposal due to substantial support from FAO. Many countries only have one DAE.

[https://www.greenclimate.fund/about/partners/ae?ff\[\]=field_subtype:226&ff\[\]=field_subtype:227](https://www.greenclimate.fund/about/partners/ae?ff[]=field_subtype:226&ff[]=field_subtype:227)

¹⁹ Emphasised by NDAs in interviews.

²⁰ See also Annex x: Of the 13 countries included on the preparation of this document multi-country projects comprise more than 70% of the national portfolio of GCF projects.

²¹ <https://www.greenclimate.fund/document/readiness-strategy-2024-2027>

²² <https://www.greenclimate.fund/projects/ppf>

Operational challenge: GCF remains too cumbersome for the private sector

The GCF has a clear and compared to some climate funds like the GEF a unique mandate to promote the participation of private sector partners and to “catalyse additional public and private finance”²³. The pool of AEs from the private sector remains however limited and primarily related to banks. The GCF’s business model is seen as too reactive with only limited engagement with private sector entities from developing countries. Furthermore, the length of project approval and legal assessment timelines, and the perceived lack of predictability by private sector actors continues to constrain private sector participation including Danish private sector partners. A tension also persists in the GCF operating model, between the principle of a country-driven approach and private sector investment processes. For example, private sector programmes – and particularly multi-country programmes – have struggled with the GCF’s restructuring and cancellation policy requirements, including the need for no-objection letters from all country NDAs.

In 2022, the Board adopted a Private Sector Strategy, which sets out how the GCF aims to catalyse private climate finance in a country-driven manner to meet developing countries’ needs and the objectives of the Strategic Plan:

- a) increased use of risk-mitigation instruments such as equity and guarantees;
- b) strengthened focus on engaging local private sector actors, including start-ups and micro- small- and medium-sized enterprises, as well as local financial institutions;
- c) brought a more intentional focus to engaging private sector partners through accreditation.

The Private Sector Strategy and reorganisation of the GCF Private Sector department positively saw the portfolio grew in volume and content during 2022-23 to 58 private sector projects totalling GCF funding of USD 5,0 billion (about 35 per cent of total GCF programming) and a portfolio value of USD 22,5 billion, private sector financing for adaptation doubled compared to the IRM, including mobilized finance from institutional investors (pension funds, insurance companies, philanthropies, and other commercial capital providers). A large part of the GCF’s private sector portfolio during the IRM was oriented towards climate mitigation especially renewable energy projects and financed by senior debt²⁴.

Portfolio target	IRM outcome 31 Dec. 2023	GCF-1 only outcomes 31 Dec 2023	Total portfolio 31 Dec. 2023
Significantly increase mobilised private finance at portfolio level	1:3.5 (co-financing only)	Reporting on mobilised private finance being developed (co-financing: 1:3.5)	Reporting on mobilised private finance being developed (co-financing: 1:3.5)

3.3 Strategic Plan for the GCF 2023-2027 and Vision 50by30

The Strategic Plan (SP) 2024-2027 lays out GCF’s vision, strategic objectives and priorities along with the operational and institutional priorities (for the overall structure, see table 2). It builds on the implementation of the previous Strategic Plans from 2016 – 2023, the SPR, and sets out the overall mission of the GCF, in line with the provisions of its Governing Instrument. The SP contains an ambitious programming and operational vision for the current phase of the GCF, which, if fully implemented, will address the vast majority of the challenges mentioned above. It focuses on 11 result areas including:

- more than 100 developing countries’ climate plans (NDCs, NAPs, LTS),
- doubling the number of national DAEs with GCF funding,

²³ GI, art 41-45

²⁴ GCF: Final Report on the implementation of the Updated Strategic Plan 2020-2023

- 50 to 60 developing countries particularly vulnerable to climate change protected by early warning systems,
- 190 to 280 million adopting low-emission climate-resilient agricultural and fisheries practices,
- 120 to 190 million hectares of terrestrial and marine areas conserved, restored or brought under sustainable management,
- 45 to 60 developing countries with low-emission climate resilient infrastructure,
- 20 to 30 developing countries with affordable, reliable and renewable energy,
- 18 to 25 developing countries with clean and efficient energy for transport, building and industry,
- 40-70 approved proposals for adaptation projects,
- 900 to 1500 local private sector early-stage ventures and MSMEs provided with early-stage capital for innovative climate solutions,
- 90 to 180 national and regional financial institutions access GCF/green finance.

A specific focus of the SP is to help countries better navigate in the climate finance landscape and to advance programming synergies with other climate funds. A further step taken in that direction was the COP28 launch (2023) of a joint initiative on complementarity and coherence between GCF, the Global Environment Facility (GEF), the Climate Investment Fund (CIF) and the Adaptation Fund (AF). Being a key contributor to also the NDC Partnership, GEF, CIF and AF, this leaves Denmark several opportunities to increase dialogue and influence across the funds and contribute to coordination and knowledge exchange.

Overall structure of the Updated Strategic Plan 2²⁵

AREA	FOCUS	MONITORING
UNFCCC & PARIS AGREEMENT	THE PURPOSE OF THE GCF IS TO MAKE A SIGNIFICANT AND AMBITIOUS CONTRIBUTION to the objective of the UNFCCC and the goals of the Paris Agreement through successive cycles	Progress assessed by annual reporting to the COP & CMA
LONG TERM VISION	GCF PROMOTES PARADIGM SHIFT AND IMPLEMENTATION OF THE UNFCCC AND THE PARIS AGREEMENT (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and (b) Support developing countries in the implementation of the UNFCCC and Paris Agreement within the evolving climate finance landscape	Progress evaluated through the Integrated Results Management Framework (IRMF) paradigm shift level
STRATEGIC DIRECTION	GCF AIMS TO ACHIEVE MILESTONE GOALS towards global pathways for 2030, with targeted results based on resourcing for 2024-27: a) Mitigation of 1.5 to 2.4 gigatonnes of CO2 equivalent b) Enhanced resilience of 570 to 900 million people	Progress measured through the Readiness Results Management Framework (RRMF) and IRMF
PROGRAMMING PRIORITIES	GCF WILL DIRECT 2024-27 PROGRAMMING toward (1) Readiness and Preparatory Support: Enhanced focus on climate programming and direct access; (2) Mitigation and Adaptation: Supporting paradigm shifts across sectors; (3) Adaptation: Addressing urgent and immediate adaptation and resilience needs; and (4) Private Sector: Promoting innovation and catalysing green financing.	mitigation/adaptation & enabling environment impact levels & supplementary tracking
MODALITIES, ACTIONS AND PARTNERSHIPS TO DELIVER PROGRAMMING	GCF WILL LEARN AND ADAPT ITS OPERATIONS guided by a core goal of enhancing access, and pursue institutional measures to calibrate its policies, processes, governance, risk management, results management and reporting and organisational capacity for successful delivery	Progress tracked through Results Tracking Tool (RTT) & work programme results framework

²⁵ [Strategic Plan for the Green Climate Fund 2024–2027 | Green Climate Fund](#)

In September 2023, in addition to the SP, the GCF Executive Director laid out her **50by30** vision which is a reform programme to strengthen the GCF to be able to manage a capitalisation of USD 50 billion by 2030²⁶. In support of her vision, she launched the “Efficient GCF Initiative” early 2024 with the aim of ensuring better access to the GCF funds including restructuring the secretariat and a comprehensive review of the current project and accreditation pipeline in line with SP-priorities.

4. Danish support and priorities

Overall, the aim of Denmark’s support to GCF is to reduce greenhouse gas emissions and build resilience. Further, to increase the ability of developing countries to adapt to climate change impacts, and contribute to making global financial flows consistent with low-emission and climate-resilient development. Based on core funding, Denmark fully supports the mandate of GCF and in alignment with GCF strategies seek to increase the overall performance and impact of the Fund through four priorities outlined below.

4.1 Justification for support

GCF is still a relatively young climate fund, but as described in chapter 2 and 3, the GCF is progressively delivering on the mandate given by the UNFCCC. GCF provides a solid basis for mobilising climate finance and supporting particularly the most vulnerable countries with its focus on Africa, LDCs and SIDS. Through support for the GCF, Denmark delivers on its ambition to increase mobilization of climate finance and take a lead on climate action internationally.

The GCF is a solid platform for advancing Danish climate and development priorities because:

- As the largest global fund dedicated to fight climate change, GCF is firmly positioned in the international climate finance architecture, and lead contributor to ensure complementarity and coherence between the various international climate funds.
- GCF has a crucial role in serving the UNFCCC and the Paris Agreement and enjoys a high degree of legitimacy, as it was established by Parties to the UNFCCC with an equal number of developed and developing country seats on the Board.
- The Fund makes a critical and distinctive contribution in scaling up financing for adaptation and resilience, with a focus on those countries particularly vulnerable to the effects of climate change.
- As an operating entity of the financial mechanism of the UNFCCC and the Paris Agreement, GCF is a key platform for Parties to live up to the Paris Agreement by providing and scaling up climate finance to developing countries.
- The GCF contributes to the realization of most of the 17 SDGs. In view of the GCF’s comparative advantages in the multilateral climate and development architecture, Denmark considers the following 8 SDG’s particularly pertinent: 1. no poverty; 6. clean water and sanitation; 7. affordable and sustainable energy; 8. decent jobs and economic growth; 11. Sustainable cities and communities, 10. reduced inequalities; 13. climate action, 14. life below waters, and 15. life on land.
- GCF has been important in support of reaching the developed countries’ collective goal of mobilizing USD 100 billion in climate finance to developing countries annually from 2020 to 2025, and making all financial flows consistent with low-carbon and climate-resilient societies in line with Article 2.1c of the Paris Agreement. Similarly, the GCF constitutes a key financial mechanism under the UNFCCC for implementation of the new, collective goal on climate finance that is to be effective post 2025.

²⁶ GCF: [Executive Director unveils “50by30” blueprint for reform, targeting USD 50 billion by 2030](#)

Denmark will pursue complementarity with for instance multilateral development banks (MDBs) and private sources of capital to mitigate financial risks, lower investment costs, replication of innovative approaches and scale up access to finance. To date, the multilateral climate funds have together channelled over USD 32 billion (about USD 197 billion with co-financing) of resources for climate and sustainability action in developing countries.

Overall, Denmark's support to the GCF is fully aligned with the objectives and priorities of the government's long-term strategy for global climate action: A Green and Sustainable World (2020) and Denmark's strategy for development cooperation and humanitarian action, The World We Share (2021). The strategy for global climate action explicitly calls for strengthen Danish engagement with GCF including around areas of strategy development and approval of funding proposals. A strong engagement with GCF serves as a critical element of Denmark's ambition to lead on climate action internationally and seek alliances with developing countries where Denmark has considerable political and development interests thereby playing a constructive role as bridge builders within the international climate agenda (for further on GCF strengths and comparative advantage, see Annex 9).

4.2 Danish priorities

Based on lessons learned during GCF-1, Denmark has four priorities for the period 2024-2027:

- i) Enhanced **access** to GCF resources (including accreditation);
- ii) Enhanced country **ownership** and efficiency of GCF support at country level;
- iii) **Private Sector**: Promoting innovation and catalysing green financing, and
- iv) **Gender** equality and social inclusion.

Denmark will thus at board, committee, country and at high-level meetings continuously emphasis and follow progress on: access, ownership, private sector, safeguards and gender in all interaction with the GCF. The four Danish priorities are chosen as they address the current most important barriers and opportunities to improve access for developing countries to GCF finance, ensure funding is delivered efficiently and effectively to communities who need it the most in LDCs, African states and SIDS, and support countries to translate their Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs) and Long-term Climate Strategies (LTS) into climate investments and programming. Through the priorities, Denmark will at the same time support the organisational restructuring initiated by the Executive Director Duarte (referred to above).

The priorities have been discussed and agreed with the Netherlands and Luxembourg who shares a board seat with Denmark. The annual seat planning will track and take these priorities into account. An overview of the GCF's strategic objectives and output indicators related to the Danish priorities can be found in Annex 6.

I. Enhancing access to GCF resources (including accreditation)

A core operational priority of the GCF's 2024-2027 Strategic Plan is the elevation of 'significantly improving access'. Going forward the GCF will undertake a comprehensive review of access in its business and operating models beyond the accreditation function, looking at deeper structural challenges associated with an unclearly defined partnership model and modalities designed to serve too many purposes. The overall expectations to the enhanced access to GCF resources is to meet its mitigation and adaptation results to deliver mitigation of 1,5-2,4 gigatonnes of CO2 equivalent and enhance the resilience of 570-900 million people during the period 2024-2027.

Denmark's priorities for influencing the GCF's work with *enhancing access to GCF resources (including accreditation)* are:

- argue for establishing predictable and appropriate timeframes for accreditation, project approval and fund disbursement;
- similarly, to reduce the median times taken during GCF-2 to process accreditation, readiness, PAP and SAP proposals from review to first disbursement, relative to GCF-1;
- argue for GCF’s ability to operate in the main languages of its stakeholders, and work to make multilingualism the norm;
- examine the potential for AEs to apply their own policies, while maintaining best practice and substantial equivalence to GCF policies;
- urge the GCF to strengthen engagement with countries, AEs and a diverse range of partners on the ground to understand local needs and contexts, including through furthering its consideration of the needs and options for establishing a GCF regional presence to bring GCF closer to the countries it serves;
- support developing a partnerships and access strategy for consideration by the Board to clearly articulate the different pathways for enhanced access to GCF financing, and how GCF can engage a range of partners consistent with their own mandates;
- support the continued increase in the share of DAEs in the AE network, alongside increasing the role of DAEs in GCF programming; and encouraging and facilitating cooperation and learning between IAE and DAEs, as well as DAE peer learning;
- call on a reformed accreditation framework and strategy;
- Engage with embassies in selected countries (for instance Kenya, Uganda, South Africa, Colombia, Vietnam) on improvements in DAE accreditation and approval of funding proposals, and provide feedback and influence the discussion at board level, in the accreditation committee and in direct dialogue with the GCF-secretariat.

II. Enhancing country ownership and efficiency in GCF support

The SP states that delivering GCF’s strategic vision and programming objectives depend at its core on fully implementing and strengthening a country ownership approach, and thus that the GCF pipeline is guided by a country-driven prioritization of the most needed and impactful investments.

Also mentioned, the Executive Director launched an “efficiency GCF initiative” where the GCF secretariat in consultation with developing countries will review the current programme pipeline of a total of 20 million USD including concept notes vis-à-vis SP-priorities, and assess how proposals can become more fit for purpose and correspondent to priorities within national climate plans and programmes. In addition, the secretariat restructuring will provide each country with one entry/focal point streamlining communication including on assessment of new financial proposals.

Denmark’s priorities for influencing the GCF’s work with *Enhancing country ownership and efficiency in GCF support* are:

- urge GCF to review its operational capabilities, across bodies and panels, to deliver the 2024-2027 Strategic Plan, taking account of the scale of the GCF-2 replenishment;
- closely follow how GCF will strengthen efficiency and effectiveness through adoption of a set of institutional priorities, designed to highlight remaining areas of institutional evolution;
- urge country-led climate mainstreaming, policy and NDC updates, and development of NAPs (using e.g. RPSP), follow-up with embassies on progress a country level;
- encourage synergies between Danish bilateral and GCF climate finance activities through alignment with national plans;
- support the GCF secretariat to continuously focus on national vis-à-vis multi-country financial proposals where possible and relevant;

- support a more dynamic and inclusive approach to country ownership and strengthen country engagement throughout origination, approval and implementation;
- call on GCF to collaborate with AE partners, and promote collaboration among AEs, to structure thematically or geographically based projects and programmes that address countries' top climate needs, impact and transition priorities;
- urge further deployment of Simplified Approval Process (SAP) in order to support rapid deployment of GCF resources through micro scale mitigation and adaptation interventions; follow-up on efficiency of the restructuring of GCF secretariat into regional divisions with country focal points in order to enhance country ownership.

III. Private Sector: Promoting innovation and catalysing green financing

The PS identifies private sector mobilisation as one of the four main PS-priorities during 2023-2027. GCF will optimise its risk appetite and flexible financing to engage the private sector and contribute to unlock the financial flows needed by developing countries for climate action.

Two areas of unfinished work from the USP-1 are: 1) more intentional identification and engagement with strategic investment partners to mobilize additional resources for climate action, and 2) staged development of PSF modalities to better support private sector programming outcomes.

Denmark's priorities for influencing the GCF's work with *Private Sector: Promoting innovation and catalysing green financing* are:

- call on GCF to work with AEs to attract co-investors, including inter-alia the private sector, other climate funds, and development banks, to GCF-funded projects;
- call on GDF to deploy fit-for-purpose blended finance, to further catalyse private sector investments;
- call on GCF to work with developing countries to strengthen their ability to engage the private sector, particular local private sector, and build supportive investment environments for climate finance;
- call on GCF to help build climate investment capabilities of national and regional financial institutions, ensuring synergy with ongoing work of regional development banks;
- support GCF in launching request for proposals to identify promising partners and project ideas for climate solution incubators and accelerators, and also accelerators of inclusive innovation based especially on traditional, local and indigenous knowledge and practices;
- liaise with Danish embassies on country specific GCF pipelines and opportunities for furthering green Danish diplomacy and private sector engagement.

IV. Gender equality and social inclusion

A long-term key Danish priority is advocating for gender equality and the rights of indigenous peoples in multilateral fora and as was the case under GCF-1, Denmark will continue to focus on gender equality and social inclusion during SP 2024-2027. While the GCF has strong gender and indigenous peoples policies and has taken steps to operationalize them across the organization²⁷, the SPR and civil society groups point to that their full and effective participation at all levels remain limited. There is still a lot to be done to ensure that the Board, secretariat, national designated authorities (NDAs), accredited entities

²⁷ SPR, p. 116

(AEs) and other actors fully recognise and safeguard the rights of indigenous peoples and ensure gender equality²⁸.

Denmark’s priorities for influencing the GCF’s work with *gender equality and social inclusion* are:

- urge GCF to update its Environmental and Social Safeguard (ESS) standards at its earliest convenience and working to ensure that safeguards on indigenous peoples take UNDRIP²⁹ as a minimum standard for the rights of indigenous peoples, and not just the GCF Indigenous Peoples Policy;
- call on GCF to significantly expand deployment of the enhanced direct access (EDA) modality and other developed financing approaches to enable more rapid access to finance for locally-led adaptation action, engaging affected communities, civil society and indigenous peoples in delivering to the meet the needs of last mile beneficiaries;
- call on GCF to continue to advance best practice on ESS and on matters related to indigenous peoples, local communities, gender, integrity, and information disclosure;
- support indigenous peoples engagement at national and sub-national level to ensure their involvement from concept note stage and throughout implementation, and where relevant that Indigenous Peoples Plans are incorporated;
- follow-up at country level on adherence to safeguards related to gender equality and indigenous peoples within GCF-projects;
- call on GCF to further mainstream gender in GCF funded activities by taking into account the implementation of the updated Lima Work Programme on Gender and its Gender Action Plan.

5. Budget

The Danish pledge to GCF-1 is DKK 1.600 million for the period 2024 – 2027. The Danish contribution and timing of the appropriations are shown in the table below. The contribution is given in the form of core support. During the initial resource mobilization (IRM) of the GCF in 2014, Denmark contributed with a total of DKK 400 million and a total of DKK 800 million during GCF-1 (2020-2023)

Year of appropriation	2024	2025	2026	2027	Total
Timing of Appropriation	250 m DKK	450 m DKK	450 m DKK	450 m DKK	1600m DKK

6. Danish means of influence and monitoring

Denmark’s principal entry to and engagement with the GCF governance and leadership is through the Board. The Board meets three time per year of approx. seven working days per Board meeting including in-person informal Board meeting, seat and constituency consultations. In addition, high-level meetings take place at minister - executive director level about two to three times a year in the form of dedicated meetings and shorter margin talks on topical issues for instance at the COP, Climate Ministerial Meetings, World Bank Spring meetings, UN Climate Week etc. Further, effort is underway to coordinate a joint field visit between the ED and the Danish Minister.

The cooperation in the shared NL/DK/LU seat is smooth and effective. As part of the recent replenishment process, the seat agreed on updated principles and division of labour to further improve

²⁸ IWGIA, Sex og Samfund, consultation, April 2024

²⁹ United Nations Declaration on the Rights of Indigenous Peoples, 2007

the efficiency of the collaboration in the Board (list of key principles, Annex 7). Overall, Denmark promotes its priorities within the seat at constituency and Board meetings, but similarly through e.g. Denmark's current membership of the GCF Accreditation Committee. Accreditation plays a critical role in improving access and ownership, two of Denmark's key priority areas. MFA-KLIMA will also continue its close dialogue and bilateral consultations with the GCF management team to follow-up on key Board decisions and compliance of the GCF Secretariat including on the Executive Director's new restructuring reform. Further to this and in addition to the current secondment to the GCF secretariat, secondments will be considered on an ongoing basis.

Denmark will continue to work closely with like-minded countries. Beside the coordination with the Netherlands and Luxembourg, Denmark has extensive dialogues with e.g. the Nordic countries both prior to and during Board meetings. These dialogues have contributed to the Board efficiency including e.g. in regard to approval processes of financing proposals and GCF policies.

Denmark also seeks alliances with developing countries. These dialogues enhance the understanding of country specific challenges e.g. in regard to access and ownership and contribute to identifying opportunity for building consensus and common decision making. A key element of the current Danish Organisation Strategy 2024-2027 is to ensure stronger engagement and dialogue with selected countries to optimise on potential synergies and collaboration between GCF initiatives and Danish bilateral engagements. MFA-KLIMA will consult Danish embassies on relevant GCF project proposals in advance of Board approval. To facilitate meetings between embassies and national authorities, first and foremost the NDAs, MFA will prepare a template for annual status updates. These annual meetings will provide an opportunity for Danish embassies to discuss national climate finance planning, pipelines, implementation, synergies with other climate funds and access to climate financing in general. The framework for the four Danish priorities includes a list of issues for Danish embassies to check during the annual meetings. Where relevant, the Danish embassies are expected to provide MFA-KLIMA with minutes of the meetings including a country specific status update on the progress relative to the Danish priorities. See Annex 6 for issues to be verified. Finally, MFA-KLIMA and embassies will when possible and relevant visit selected GCF-projects as part of a continuous engagement with GCF.

MFA-KLIMA will continue its engagement and dialogue with Danish civil society organisations (CSO) and networks such as 92-Gruppen, Global Focus including IWGIA who have observer status at GCF and Danish Industry, State of Green. Denmark will in collaboration with representatives of Danish CSO seek to qualify GCF's policies guidelines and monitoring on gender equality and safeguards including for marginalised and most vulnerable people.

Prior to each GCF Board meeting representatives from MFA-KLIMA arranges dialogue meetings with primarily CSO representatives to discuss key priorities of the meeting agenda and receive relevant input and information from the private sector and CSOs.

6.1 Monitoring

MFA-KLIMA will monitor progress on the four Danish priorities and Danish financing through general GCF reporting procedures such as GCF annual progress and financial reports, GCF Dashboard updates, GCF audited financial statements, reviews and evaluations from the independent evaluation unit, project completion reports etc. MFA-KLIMA also make an annual stocktaking report and detailed minutes with assessment from all board meetings for general distribution including to climate front-post embassies.

Furthermore, Denmark agreed to become co-lead of the MOPAN assessment of GCF in 2021 and Switzerland has recently committed to be co-lead, discussions has commenced with the GCF on a tentative MOPAN assessment in 2025-2026. There hasn't been any prior MOPAN assessment of the GCF, and according to the GCF Governance Instrument the Board will have to approve any independent

evaluation of the GCF. As a co-lead, Denmark will support liaison between the MOPAN Secretariat and the GCF Board, enhance impact by promoting ownership of the assessment, and review and contribute to assessment outcomes. This work is aligned with the MFA’s increased focus on adaptive management, and will serve as an important tool to bridge priorities between developed and developing countries in the Board.

During COP28 and as mentioned above, the GCF, AF, CIF and GEF issued a joint declaration committing to develop an ambitious and concrete action plan to enhance access to climate finance and increase the collective impact of their actions which Denmark will follow closely. Furthermore, it was agreed with G20 to commission an independent review on the operations of the vertical environmental and climate funds. The Review will focus on identifying the challenges of access and opportunities for operational improvements, and potentially constitute an important input one of the key Danish GCF priorities.

Finally, the GCF Independent Integrity Unit investigates allegations of fraud, corruption, misconduct, and other Prohibited Practices in GCF-funded activities and the GCF policy on prevention and protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment sets out the obligations for GCF Covered Individuals to prevent and respond to SEAH and to refrain from condoning, encouraging, participating in, or engaging in SEAH. The Board monitors any reported instances of allegations of misconduct.

7. Risks and assumptions

GCF systems for results, risk and knowledge management have evolved in GCF-1, most notably through the Board approval of an Integrated Results Management Framework (IRMF). As part of its accountability mechanisms, GCF has established systems to manage project risk, both upstream (before project approval) and downstream (whilst projects are being implemented). GCF’s Project Risk Management System, which is anchored in its IRMF, provides an overview of these systems. Systems for risk management include GCF’s accreditation process, the GCF funding proposal review process, and the Portfolio Performance Management System (PPMS). The GCF risk dashboard provides an overview of GCF’s project and programme portfolio, as well as information on concentration and funding, delays, any reports of integrity or policy breaches, and financial investment risk. Overviews are updated on a quarterly basis.

As the number of projects and accredited entities grows, so do the demands on the Secretariat to manage an increasing network, calling for a more strategic yet nuanced and practical approach to partnerships, risk management and accreditation that is consistent with the GCF’s long-term vision and realities on the ground.

The GCF has a three-level project risk management system to address integrity risks, investment risks and project-specific risks. The following nine policies are guiding the Risk Management Framework:

9 Policies	Focus
Revised initial financial risk management framework.	Sets out the financial risk policies, risk monitoring and reporting, and risk governance components, as updated by the Risk Management Committee.
Revised risk register	Adopts the risk register which provides a comprehensive list of non-overlapping risk types that concern the GCF.
Risk appetite statement	Provides a statement of the levels of risk that the GCF is willing to take.
Risk dashboard	Presents an update to the risk dashboard.
Risk guidelines for funding proposals	Provides guidelines for the risk assessment of Funding Proposals and Concept Notes by GCF.

Investment risk policy	Defines the investment risk management requirements related to the risk of failure of a Funded Activity or Readiness / Project Preparation Facility (“PPF”) Proposal to deliver the expected impact, or the risk of delay or shortfall of reflows from these activities.
Non-financial risk policy	This policy describes management approach to non-financial risks and the definition of non-financial risks.
Funding risk policy	This document presents the policy governing funding risk management for the GCF.
Compliance risk policy	The compliance risk policy provides a framework to deal with compliance risks.

During the implementation of GCF projects, the AEs are responsible for first-level defence, and the Secretariat’s second-level responsibilities serve as a control or oversight function through the project cycle. Secretariat responsibilities in implementation generally lie with the Office of Risk Management and Compliance, the Office of the General Counsel, and the Portfolio Management Unit. The third level of defence is expected to make sure that risks are in line with the risk management framework. In particular, the Independent Integrity Unit (IIU) and the Independent Redress Mechanism provide independent review, assurance and accountability for the actions and interactions between the AEs and Secretariat.

The following includes the main risks to be monitored and mitigated through Denmark’s active participation in the Board.

Risk factor	Likelihood	Risk response	Impact
Contextual risks			
Decreasing global political interest and decline in support of climate finance, especially from the USA	Likely	Continued Danish green diplomacy in relevant spaces including COPs and climate summits. Building alliances and bilateral agreements	High
Decreasing global private sector co-financing commitment to climate co-financing	Less likely	The GCF Secretariat is developing it networks and focus on private sector AEs and potential finance institutions.	High
Programmatic risks			
Insufficient resources to meet the funding demand especially for adaptation projects from LCDs and SIDS	Likely	The Board has agreed to be more selective and priorities adaptation projects from LCDs and SIDS	High
Insufficient capacity in LDCs and SIDS to develop national project proposals	Likely	GCF will invest in strengthening of national programming and capacity building e.g. through the Readiness support and PPF.	Medium
Competition with other funds	Less likely	GCF unique position as the largest climate fund with greater opportunities for scaling and impact will continue being lucrative for AEs and others to pursue funding.	Low
Insufficient attention and support to most vulnerable and marginalised populations	Less likely	GCF is strengthening its policies on Environmental and Social Safeguards, SEAH and gender equality.	High
Institutional risks			
Insufficient capacity in the GCF Secretariat to manage the increase in programming resources and number of AEs and project proposals within a reasonable timeframe	Likely	Continued focus on organisational efficiency and support to the Executive Director in her plans to improve capacity through a major restructuring reform. Continued support to recruitment of staff up till the agreed 350 staff members.	Medium
Decline in Board efficiency due to disagreements on strategic direction and leadership	Less likely	GCF-1 has matured the collaboration and efficiency of the Board and the new Executive Director has sufficient leverage to address emerging disagreements.	Medium

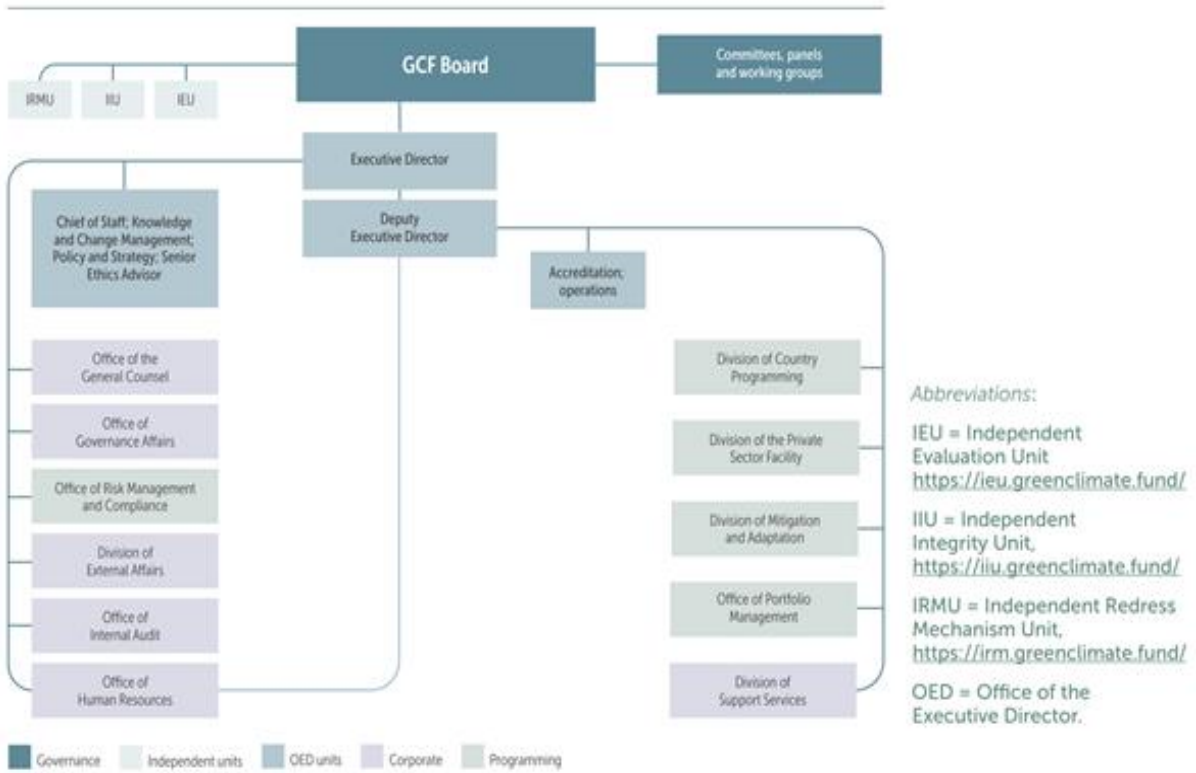
The most critical assumptions for the GCF to continue implementing impactful climate finance projects 2024-2027:

- Member countries honour their replenishment commitments for 2024-2027.
- GCF continues to provide accreditation to AEs and especially DAEs.
- AEs and DAEs are capable of developing fundable climate mitigation and adaptation project proposals.
- Board continues its currently efficient level of working with polarisation and politisation of decisions kept to a minimum.
- New results frameworks and documentation provide quality data and evidence of climate impact.
- The new restructuring process of GCF Secretariat will enhance overall efficiency and effectiveness and GCF Secretariat will maintain and strengthen its capacity to manage and administer its mandate and obligations.

Annexes

Annex 1 Organisation Chart

FIGURE 5. GCF STRUCTURE AND PROGRAMMING UNITS



Annex 2 GCF-2 Contribution by State (in million USD) as of March 2024

CONTRIBUTOR	ANNOUNCED	ANNOUNCED PER CAPITA
Australia	33.8	1.3
Austria	172.9	19.12
Belgium	162.1	13.6
Bulgaria	0.1	0.02
Canada	333.7	8.57
Czechia	4	0.4
Denmark	232.2	38.3
Estonia	1.1	0.8
Finland	64.8	11.4
France	1739.6	25
Germany	2169.9	25.1
Hungary	0.3	0.03
Iceland	3.6	9.4
Ireland	43.2	8.4
Israel	0.1	0.01
Italy	324	5.5
Japan	1224.2	8.8
Liechtenstein	0.4	11.1
Luxembourg	54	81
Malta	0.4	0.8
Monaco	3.6	95.4
Mongolia	0.1	0.03
Netherlands	151.3	8,3
New Zealand	15	2.8
Norway	305.6	54.7
Portugal	4.3	0.4
Republic of Korea	300	5.8
Slovakia	2.4	0.4
Slovenia	1.6	0.7
Spain	243.1	5.9
Sweden ³⁰	0.0	0.0
Switzerland	148	16.8
United Kingdom	2000	29.5
United States	3000	8.8

Green: Countries that has pledged for the first time during GCF-2 (Bulgaria, Czechia, Estonia, Israel, Mongolia) and countries that have re-pledge since IRM (USA, Australia)

³⁰ Sweden has confirmed its pledge for 2024-2027 but not the actual amount.

Annex 3 Accumulated pledges of periods: IRM, GCF-1 and GCF-2 (in million USD) as of February 2024

Ranked	Contributors	Pledges	Ranked	Contributors	Pledges
1	United Kingdom	5062.9	Cont.		
2	United States	5000	25	Czechia	9.3
3	Germany	4862.5	26	Portugal	8.1
4	France	4519.7	27	Iceland	7.4
5	Japan	4224.2	28	Slovakia	6.7
6	Sweden	1433.7	29	Hungary	5.3
7	Italy	996.3	30	Poland	3.1
8	Norway	995.3	31	Slovenia	2.7
9	Canada	836.2	32	Estonia	2.4
10	Republic of Korea	600	33	Malta	1.9
11	Spain	572.5	34	Panama	1
12	Denmark	424.7	35	Viet Nam	1
13	Netherlands	420.2	36	Colombia	0.8
14	Switzerland	398	37	Indonesia	0.8
15	Belgium	379.9	38	Liechtenstein	0.8
16	Austria	354.1	39	Cyprus	0.5
17	Finland	284.4	40	Latvia	0.5
18	Australia	221.1	41	Bulgaria	0.3
19	Luxembourg	145.8	42	Chile	0.3
20	Ireland	71.9	43	Mongolia	0.2
21	New Zealand	27.6	44	Romania	0.16
22	Russian Federation	13	45	Israel	0.1
23	Monaco	10.1	46	Lithuania	0.1
24	Mexico	10			

Annex 4 Key Lessons learnt 2020-2023

Key observations relative to the four Danish priority areas 2020-2023

The DOS 2021-2023 attempted to align the monitoring of the DOS through selected GCF indicators from a revised although at the time draft Integrated Results Management Framework (IRMF). As emphasised by the GCF Second Performance Review (SPR), the GCF is still challenged in regard to documenting actual results due to the limited number of completed projects. Hence, available data and information on the specific indicators have been relative limited.

During the DOS 2020-2023, Denmark jointly with the Netherlands and Luxembourg, has used the seat on the Board to support the GCF Secretariat in ensuring efficient and effective implementation of agreed policies and plans. A key function has been to approve funding proposals and approving entities for accreditation. The Board work was, however, significantly challenged by the Covid-19 pandemic and most meetings until mid-2022 were conducted virtually. It significantly affected the opportunity to build networks and alliances among and between Board members, and as also emphasised by the SPR it affected the Chairs and Co-Chairs opportunity to manage individual Board members' priorities and engagements.

In particular, Denmark used Board meetings to raise and pursue the DOS 2020-2023 four identified priority areas. Due to the above described circumstances, it showed to be challenging to engage with substantial inputs, but as outlined below the GCF moved forward on all four priority areas. The DOS 2020-2023 included the following four priorities:

1. **Maximising impacts of GCF investments** and the Danish focus on GCF paradigm shifts in both climate mitigation and climate adaptation efforts: Overall, 56% of all approved project proposals were mitigation projects, whereas in actual grant allocations the number of adaptation projects are at 54%. From early 2023, Denmark engaged two external climate consultants to prepare for project approval at Board level by providing assessment of financing proposals focusing on Danish priority areas. The Board also approved and supported the rollout of the new Integrated Results Management Framework and its supporting guidelines, handbooks and templates to be applied. The IRMF aims at providing greater clarity on definitions and measurement methodologies for GCF's priority indicators and monitoring and assessment processes. Thereby, also ensuring that GCF projects/programmes apply the same approach, and generate consistent and robust data that can be aggregated and compared across the entire GCF portfolio. The framework is designed to track the Fund's contributions to the goals put forward by the UNFCCC and the Paris Agreement.
2. **Efficiency in the Board** in terms of approval of projects has consistently been high even during the two years of COVID-19 where the Board only met virtually and an average of 30 projects been approved each year since 2016. However, the inefficiencies within the GCF project cycle management, accreditation and access, remain a key challenge. The decision to streamline the accreditation process from April 2023 and pausing further reaccreditation of EAs the coming three years from October 2023, is showing promising results and the GCF secretariat expects to be able to accredit 25-30 new entities in 2024³¹. The Board operations continue to be challenged by a spill-over

³¹ There is a currently a pipeline of 155 applicants for accreditation which the GCF secretariat as a first step will review to confirm interest, present alternative ways of accessing GCF-funds. Further steps include development of a new strategic approach to

in terms of complex country and group dynamics stemming from geopolitical divisions and the international climate negotiations where especially a few countries at times seem to be outliers. The split between interest of developed and developing countries in the Board has diminished, and simple majority voting procedure for decision-making in the absence of consensus been applied to approval of funding proposals. Further, in order to improve governance, it has been decided to review in 2024/25 the mandates of committees, panels and groups under the Board, including the extent to which decisions recommended by committees are adopted.

3. The Board has repeatedly confirmed **country ownership** and a country-driven approach as core principles of the GCF and as mentioned above there are now 111 country programmes. In October 2023, the board approved a revised Readiness Strategy 2024-2027 and revised operating modalities of the Project Preparation Facility (PPF). The improvements toward a more integrated, country-led approach with an emphasis on programming, simplifying access to resources through multi-year budgeting is intended for country programmes to serve as the main point of origination for the GCF pipeline. This is designed to operate in parallel with the more focus on supporting implementation of NDCs, NAPs and other climate strategies. Finally, the new readiness strategy also embeds a dedicated support window for DAEs, and PPF will continue to be geared toward advancing DAE pipeline.

Further, an internal secretariat committee on the Executive Director' "Efficient GCF Initiative" will review and clear the current funding pipeline of resp. USD 16 billion in concept notes and USD 4 billion in financing proposals in line with GCF-2 and countries' priorities. Strengthening of country ownership will be further underpinned by a reorganization of the GCF's secretariat based on regions.

4. In regard to **safeguards and gender mainstreaming**, then all projects are developing Gender Action Plans and the new IRMF includes gender disaggregated indicators. Although policies, action plans and standards are now in place, there is still limited data available and monitoring of actual ESS compliance is still work in progress for the GCF. Work has been ongoing on an updated ESS and planned for discussion in 2023 by the Board but postponed due to other urgent board matters and now scheduled for consideration in 2025.

Although the actual results documentation has been insufficient, the GCF and its programmes are consistently being evaluated through the Independent Evaluation Unit (IEU). By the end of 2023, the IEU had carried out 19 evaluations, with 4 more in pipeline³². It has published learning papers and participates in peer reviews. In addition, various donors do their own internal assessments/reviews.

The following provides an overview of key lessons learnt primarily drawn from the Second Performance Review completed by the GCF Independent Evaluation Unit (IEU), Feb. 2023; the Mid-Term Review conducted by the MFA, June 2022; but similarly from consultations with GCF staff and stakeholders in Denmark, online meetings with selected Danish embassies, and two field visits to Uganda and Kenya between Jan.-April 2024.

accreditation to be forthcoming during 2024 including if accreditation should continuously be a tool for risk management, institution building and performance assessment. The reform is seen as crucial for increasing access to GCF's funds.

³² 2018 – 2024 evaluations: 5 portfolio, 8 programmes, 4 thematic, 2 performance evaluations with 4 in pipeline on indigenous people; health, well-being, food and water security result area; relevance and effectiveness of GCF's investments in Latin American and Caribbean; approach to whistleblowers and witnesses

GCF Second Performance Review

In 2022-2023, the IEU implemented the Second Performance Review (SPR). The SPR emphasised that given the relatively young age of GCF-projects and the long-term nature of climate impact, climate impacts are modest to date. There are indications that results are forthcoming and although results management has been underdeveloped to serve the GCF's needs to demonstrate results as its portfolio matures, the SPR recognises that new results frameworks have been developed e.g. the IRMF, RRMF, PPMS etc. These new frameworks will be implemented from 2023 and onwards.

In regard to governance, the SPR found the Board to be effective in its key function of approving funding proposals and approving entities for accreditation. The SPR, however, raised concerns that remaining policy gaps and blurred lines between governance and management functions and authorities are impeding progress. According to the SPR, the GCF compares well to other international organisations in terms of non-state representation³³, but also that stakeholders do not yet share a common vision for the Fund, leading to a too broad and “do it all” approach.

The SPR found that the GCF has not yet fully articulated the role that it wishes to play at the country level nor the respective contributions expected of the secretariat, NDA, AEs and other partners. The SPR points to that the GCF is still to develop a strategic approach to partnership considering NDA, AEs, civil society and private sector; and mobilising its network to achieving better strategic and coordinated programming and opportunities³⁴. There are programming gaps at the GCF and at country levels and there are too few private sector DAEs, weak policies, low staffing and lack of experience with climate finance among DAE candidates. As a consequence, there is a relatively small number of successful DAEs vis-à-vis international accredited entities (IAEs).

Furthermore, the SPR found that the GCF capacity support through Readiness and Preparatory Support Programme (RPSP) and Project Preparation Facility (PPF) are yet to show major results at scale for DAE programming. GCF readiness support and the Delivery Partner functions are not well designed to facilitate the type of long-term, institutional relationship necessary to anchor the GCF as a core national partner, and countries are struggling to identify suitable entities, and entities identified are struggling with accreditation. The approved project portfolio remains skewed towards international and regional accredited entities (IAEs) and a relatively small number of DAEs (36 entities or 14 per cent) have been successful in obtaining project funding via the GCF. Overall, the SPR found that the accreditation process remains protracted, inefficient and insufficiently transparent, and not linked to programming. There is a lack of vision and strategy for a manageable AE network of capable and diverse entities.

In regard to concept notes and proposals, partners continue to perceive the project appraisal and approval cycle as bureaucratic, lengthy, inconsistent and non-transparent. Although, the GCF is processing an increasing and substantial volume of concept notes and funding proposals, processing time is still an issue for partners.

The SPR also found that GCF has strong gender and indigenous peoples policies, but that it is too early to assess the results of gender equality outcomes. The SPR emphasised that there has been a decrease in the number of projects with a particular focus on women as main target group and there is less focus on vulnerable populations. Overall, there is limited data collected on indigenous people. GCF favours projects

³³ With 315 CSOs, 88 private sector and 76 international entities registered as partners incl. 7 from Denmark.

³⁴ Partnership and access strategy is on the Board agenda for July 2024, and updated country ownership guidelines planned for decision in 2025.

at scale with large groups of beneficiaries, which might hamper the focus on smaller groups of people including indigenous people.

Finally, the SPR found that the GCF approaches for entity and project risk management remain underdeveloped and under-resourced.

MFA Mid-Term Review of the Danish Organisational Strategy for GCF, 2020-2023

An external MFA Mid-Term Review (MTR) of the Danish Organisational Strategy 2020-23 for GCF (DOS) was concluded by June 2022. Thus, the MTR was not an assessment of the efficiency and effectiveness of the GCF-2. Overall, the MTR found that the DOS provides sufficient justification for the Danish engagement with the fund.

However, the MTR found and recommended that the rationale for the next DOS (2024-2027) should be underpinned by a more structured reflection on GCF comparative advantages vis-à-vis other funding mechanisms DK finances and in relation to funding level and type of dialogue.

The MTR concludes that the GCF has been successful in raising financial resources although the number of participating countries has decreased from the initial 45 to 32 countries. The MTR also points to a relatively low disbursement rate.

The MTR recommends that the next DOS 2024-2027 includes deliberations guiding the prioritisation of the Board work e.g. work efforts directed towards reviewing of funding proposals, and also considerations on engagement with the Secretariat in-between Board meetings. The MTR also points to the need for better use of the GCF in Danish climate diplomacy.

In regard to the reporting on the DOS 2021-2023, the MTR recommends a stronger alignment with GCF priorities and areas of reporting and more robust indicators and risks management for the next DOS.

Finally, the MTR express concerns about the GCF's challenges in the speed and execution of its portfolio exemplified in a cumbersome accreditation process and very long project cycle management getting funding proposals from concept stage to a first disbursement.

Both the SPR and the MTR points to several critical issues relevant to the DOS 2024-2027. There is a need to strengthen the speed of access to funds and to ensure that more DAEs engage and build capacities to pursue opportunities for climate financing through the GCF. Simplification of procedures and access requirements including accreditation of DAEs is needed. Denmark, the Netherlands, and Luxembourg are in agreement that enhanced access and ownership are two key and fundamental focus areas to pursue during the coming four years.

Furthermore, the SPR points to the relatively limited results documentation and hereunder data and information on gender equality, most vulnerable groups including indigenous communities. Whereas the GCF Secretariat already has developed new and more robust results frameworks, there is still a need to ensure that projects deliver on gender equality and safeguarding of marginalised groups and hereunder indigenous communities. Similarly, Denmark, the Netherlands and Luxembourg concur on strengthening this area.

Based on lessons learnt during the DOS 2020-2023, the following Chapter 4 provides an overview of the priorities for the new DOS 2024-2027 and the justification for both the contribution as well as selected priority areas.

Annex 5 List of stakeholders consulted and list of key background documents

List of stakeholders consulted

GCF staff (online calls)

- Deputy Executive Director & Chief Investment Officer (CIO)
- Accreditation Operations
- Division of Country Programming
- Office of Portfolio Management
- Division of Mitigation and Adaptation
- Division of Private Sector Facility
- Chief Financial Officer and Chief Operating Officer (COO/CFO)
- Independent Evaluation Unit

Consultations with Danish Embassies (online calls):

Brazil, Burkina Faso, Colombia, Egypt, Ethiopia, Ghana, Indonesia, Mexico, Morocco, Viet Nam

Field visits:

- Kenya: Danish Embassy including Somalia Country Coordinator, Ministry of Finance (NDA), National Environmental Authority (DAE), FAO (GCF) representative - Transforming Livelihoods through Climate Resilient, Low Carbon, Sustainable Agricultural Value Chains in the Lake Region Economic Bloc, Kenya.
- Rwanda: Ministry of Environment, Green Fund, Danish Project Office, Kigali.
- Uganda: Danish Embassy, Ministry of Finance (NDA) – Climate Finance Unit, UK High Commission, Ministry of Environment and Water (DAE) – GCF project, Uganda Development Bank (in process of GCF accreditation), IFAD ARCAFIM Uganda Coordinator

Stakeholders in Denmark

- 92 Group, IWGIA, Sex & Samfund, DanChurchAid, Oxfam, Globalt Fokus, Danish Industry, State of Green, National Food Council, The Danish Agriculture & Food Council

MFA GCF Task Force

KLIMA: Karin Poulsen, Emilie Wieben, Merete Willum Pedersen, Jakob Tvede, Jens Fugl, Simon Wandel, Henning Nøhr

LÆRING: Anette Aarestrup/Hans Hessel Andersen

List of key background documents

Danish Organisation Strategy for GCF 2021-2023, March 2021

Deep-dive presentation of the green climate funds to UGKM, September 2023

Danish support for GEF (DK organisation strategy for GEF 2022-26), CIF and internal MFA note on possible support to AF

Midterm review of Organisation Strategy for DK engagement with GCF 2021-23, June 2022

GCF Strategy Plan 2024-2027 (SP)

GCF Updated Strategic Plan 2020-2023 (USP-1)

Second performance review (SPR) 2020-2023

GCF-2 Replenishment

GCF Secretariat work programme and administrative budget for 2024

GCF Final Report on the Implementation of the Updated Strategic Plan 2020-2023, Feb. 2024

GCF Board Work Plan for 2024-2027

Governing Instrument for the GCF, Dec. 2011

Minutes from meeting in the Danida Council for Development Policy, 2021

Paper on DK/NL/LUX shared board principles, Feb. 2024

GCF website/dashboard including relevant GCF programme documents and publications:

<https://www.greenclimate.fund/>

ODI/Heinrich Böll Stiftung: The Green Climate Fund, Feb. 2023

Annex 6 Results Framework DOS 2024-2027

Aligned with the GCF Strategic Plan 2024-2027, the following table include the Danish priority areas, actions and means of verification

Priority area	GCF outcome and indicators	Danish actions and MoV	Inputs from Embassies
Enhanced access to GCF resources	<p>Outcome: Doubling the number of DAEs with approved GCF funding proposals through strengthening climate programming capacity and increasing the allocation of GCF resources through DAEs.</p> <p>Indicators: Baseline: x no. DAEs (2024) Target: xx no. DAE (2027) MoV: GCF Dashboard</p>	<ul style="list-style-type: none"> - Regular consultations with GCF Secretariat - Follow/backing the GCF's direct access programming capacity strengthening of DAEs - Promote doubling of DAEs with approved GCF funding proposals at Board level - Active participation in the GCF Accreditation Committee also to promote pathways to access without accreditation - Promote more targeted RPSP and national programming - Provide annual updates to Danish embassies on DAE GCF plans and pipelines 	<ul style="list-style-type: none"> - Annual meeting with the NDA and DAEs regarding national planning, pipeline and access to climate financing in general - Provide annual updates to MFA-Climate.
	Outputs:	GCF outputs will be monitored and addressed e.g. at relevant Board meetings.	
	Ensuring predictable and appropriate timeframes for accreditation, project approval and fund disbursement		
	Reducing median times taken during GCF-2 to process accreditation, readiness, PAP and SAP proposals from review to first disbursement, relative to GCF-1;		
	Enhancing GCF's ability to operate in the main languages of its stakeholders, working to make multilingualism the norm;		
	Examining potential for AEs to apply their own policies , while maintaining best practice and substantial equivalence to GCF policies;		
	Strengthening GCF's engagement with countries, AEs and a diverse range of partners on the ground to understand local needs and contexts, including through furthering its consideration of the needs and options for establishing a GCF regional presence to bring GCF closer to the countries it serves;		
	Developing a partnerships and access strategy for consideration by the Board to clearly articulate the different pathways for enhanced access to GCF financing, and how		

Priority area	GCF outcome and indicators	Danish actions and MoV	Inputs from Embassies
	GCF can engage a range of partners consistent with their own mandates;		
	Continuing to increase the share of DAEs in the AE network, alongside increasing the role of DAEs in GCF programming; and encouraging and facilitating cooperation and learning between IAE and DAEs, as well as DAE peer learning.		
	Reformed accreditation framework and strategy including updated MAF		
Enhancing country ownership and efficiency in GCF support	<p>Outcome: More than 100 dev. countries advancing implementation of their NDCs etc. through integrated climate investment planning and/or dev. project pipelines for GCF funding.</p> <p>Indicators: Baseline: x no. of countries (2024) Target: xx no. of countries (2027) MoV: GCF Annual Report and GCF Dashboard updates</p>	<ul style="list-style-type: none"> - Follow/backing GCF's strengthening of country capacities and enabling environments for NDCs, NAP and LTS implementation, investment planning, and enhanced access to GCF resources. - Active participation in the GCF Accreditation Committee - Provide annual updates to Danish embassies on national planning through the NDA with GCF pipeline - Annual consultations with selected Danish embassies in countries with multiple GCF projects 	<ul style="list-style-type: none"> - Annual meeting with the NDA and DAEs regarding national planning, pipeline and access to climate financing in general - Provide annual updates to MFA-Climate. See below list of issues to be verified.
	Outputs:	GCF outputs will be monitored and addressed e.g. at relevant Board meetings.	
	Review GCF operational capabilities , across bodies and panels, to deliver the 2024-2027 Strategic Plan, taking account of the scale of the GCF-2 replenishment		
	Support country-led climate mainstreaming, policy and NDC updates , and development of NAPs (using e.g. RPSP)		
	Evolve a more dynamic and inclusive approach to country ownership . To strengthen meaningful country engagement throughout origination, approval and implementation.		
	Promote integrated NDC/NAP/LTS investment planning through improved technical support, guidance and country programming.		
	To strengthen efficiency and effectiveness, GCF will adopt a set of institutional priorities, designed to highlight remaining areas of institutional evolution.		

Priority area	GCF outcome and indicators	Danish actions and MoV	Inputs from Embassies
	Collaborate with AE partners, and promote collaboration among AEs, to structure thematically or geographically based projects and programmes that address countries' top climate needs , impact and transition priorities.		
	Enhanced deployment of Simplified Approval Process (SAP) . To support rapid deployment of GCF resources through micro scale mitigation and adaptation interventions.		
Private sector: Promoting innovation and catalysing green financing	<p>Outcome:</p> <ul style="list-style-type: none"> - 900-1500 local private sector early-stage ventures and MSMEs provided with broad-based seed and early-stage capital for climate solutions, business models and technologies with a focus on adaptation, energy access and transport sectors; and - 90-180 national and regional financial institutions supported to access GCF resources, and other green finance, particular for MSMEs. <p>Indicators:</p> <p>Baseline: x no. of local private sector early-stage venture and MSMEs provided with capital (2024)</p> <p>Target: xx no. provided with capital (2027)</p> <p>MoV: GCF Dashboard annual updates / GCF Annual Report</p> <p>Baselines: x no. of national and regional financial institutions supported (2024)</p> <p>Target: x no. supported in 2027</p> <p>MoV: GCF Dashboard annual updates / GCF Annual Report</p>	<ul style="list-style-type: none"> - Follow/backing GCF catalysing climate finance from the wider finance ecosystem while engaging local private sector early-stage ventures, MSMEs and national and regional financial institutions. - Regular consultations with Danish private sector actors e.g. DI, SoG, Food Nation Denmark, xxx 	<ul style="list-style-type: none"> - Annual meeting with the NDA and DAEs regarding national planning, pipeline and access to climate financing in general - Provide annual updates to MFA-Climate. See below list of issues to be verified.
	Outputs:	GCF outputs will be monitored and addressed e.g. at relevant Board meetings.	
	Work with AEs to attract co-investors , including inter-alia the private sector, other climate funds, and development banks, to GCF-funded projects.		
	Deploy fit-for-purpose blended finance , to catalyse private sector finance. GCF will leverage its de-risking instruments for funding proposals that help scale climate solutions.		
	Launch request for proposals , through which GCF will seek to identify promising partners and project ideas for climate solution incubators and accelerators, and also accelerators of		

Priority area	GCF outcome and indicators	Danish actions and MoV	Inputs from Embassies
	inclusive innovation based especially on traditional, local and indigenous knowledge and practices.		
Gender equality and social inclusion	The GCF will incorporate evolving understanding of just and equitable transitions pathways in line with UNFCCC and Paris Agreement discussions. Baseline: x (2024) Target: xx (2027) MoV: GCF Dashboard and xxxx	- Follow/backing GCF replicate innovative and inclusive approaches, such as incubators, and accelerators for climate technologies, solutions based on local, traditional and indigenous knowledge, seed capital, and expand access to green finance. - Follow up on GCF ESS reporting through the revised ESS Policy. - Regular consultations with Danish CSO partners e.g. 92 Group and IWGIA.	- Annual meeting with the NDA and DAEs regarding national planning, pipeline and access to climate financing in general - Provide annual updates to MFA-Climate. See below list of issues to be verified.
	Outputs:	GCF outputs will be monitored and addressed e.g. at relevant Board meetings.	
	GCF Environmental and Social Safeguard (ESS) standards updated.		
	Significantly expand deployment of the enhanced direct access (EDA) modality and other developed financing approaches to enable more rapid access to finance for locally-led adaptation action, engaging affected communities, civil society and indigenous peoples in delivering to the meet the needs of last mile beneficiaries.		
	Continue to advance best practice on ESS and on matters related to indigenous peoples, local communities, gender, integrity, and information disclosure.		
	Further mainstream gender in GCF funded activities by taking into account the implementation of the updated Lima Work Programme on Gender and its Gender Action Plan.		

Annex 7 NL-DK-LUX constituency – Principles and division of labour

The Board of the Green Climate Fund NL-DK-LUX constituency – Principles and division of labour *February 2024*

The Netherlands, Denmark and Luxembourg have shared a seat in the GCF Board since the operationalization of the fund in 2015. The first replenishment of GCF (GCF-1) covered the period 2020-2023. The second replenishment covers the period 2024-2027 and in this period, a new country seat allocation for the 24 members of the GCF Board will be decided and become effective from xxx, 2024. During GCF-1 NL, DK and LUX continued to share a seat in the Board. This will be the same for GCF-2. The guiding principles and division of labor for the NL-DK-LUX constituency are presented below.

Guiding principles

1. The level of representation as Board member or alternate member is linked to the cumulative contributions to the GCF and agreed rotation within the constituency is listed below. The specific date for rotation will be agreed on an ad hoc basis.
2. The constituency strives to be a highly active member of the Board according to agreed priorities both during and between Board meetings and to make contributions of high quality to the work of the GCF.
3. All three countries regardless of their position in the Board (member/alternate/advisor) contribute actively to the work of the constituency.
4. The Board member shall serve the interests of all three countries.
5. If the Board member is not able to attend a meeting, the Alternate member will step in, instead of nominating another person who is not familiar with the GCF, in order to keep continuity in the team.
6. All three countries should be given the opportunity to be a Board member and otherwise directly engage in one of the GCF committees or groups.
7. Specific priorities of the constituency will be decided based on the GCF annual work plan and will take into account national priorities of the three countries.
8. Co-ordination is sought with other constituencies from both developing and developed countries as well as with the Secretariat and implementing partners.
- ~~9.~~ All three countries will pursue broader alliances within the Board
10. Physical seat coordination will take place one working day prior to the constituency meeting at each Board meeting.
11. The three countries aim for coordination of joint strategic priorities prior to the commencement of each new replenishment period and will annually review priorities before the first board meeting of the year.

Division of labor

1. Well in advance of Board meetings, the Board member³⁵ is responsible for circulating a list, which indicates the division of labor for preparing instructions for all prioritized agenda items.
2. The list of division of labor will be based on the specific interests of each country and the countries' current position in the Board where the country occupying the Board seat would take on the biggest share of the burden.
3. The Board member will compile all instructions prior to Board meetings taking into consideration various positions within the constituency.
4. The Board member will coordinate and submit comments made to documents circulated for Board consultation in between meetings.
5. The Board member will in principle occupy the Board seat throughout the Board meeting but can leave the seat for the alternative for specific agenda items.
6. All three countries, irrespective of being alternate/Board member or advisor are expected to engage actively in the margins of/during Board meetings on the priorities set for that meeting, or other agenda items such as funding proposals.

Rotation

- The rotation scheme is based on the assumption that there will be three formal Board meetings per year and thus 12 meetings in total. Exception to this rule might be in the year of approving the new Updated Strategic Plan for the next replenishment period where there might be a number of informal board meetings. If the number of formal Board meetings will change significantly during GCF-2, a change in the rotation will be discussed, taking into account the first guiding principle.
- Board seat and alternate position is based on the principle of:
 - DK and NL: 5 BM + 5ABM
 - LUX: 2 BM + 2ABM + USP informal BM

³⁵ Where Board member is mentioned, it could also be read as his/her advisor who will undertake these actions on behalf of the Board member.

Annex 8 GCF statistics from selected countries including key observations from on-line and physical interviews with Danish embassies

Country	Total GCF finance mil. USD	No. of projects		NDAs and DAEs	Key observations from interviews
		Multi-Country	National		
Brazil	412	8 2 Mitigation 2 Adaptation 4 Cross-cutting	2 1 Mitigation 1 Cross-cutting	NDA: - Secretariat for International Affairs, Ministry of Finance 3 DAEs: - Banco Nacional de Desenvolvimento Económico e Social - Caixa Económica Federal (CEF) - Fundo Brasileiro para a Biodiversidade (Funbio)	8 Readiness activities - Limited knowledge - According to Mini. Of Finance and UNDP, GCF is considered very bureaucratic with long and cumbersome application procedures, both for accreditation and application for projects. - 6 applications submitted. All rejected. - Poor ownership of Multi-Country projects, poor information and knowledge of outcomes - Brazil would like to have more local and smaller adaption projects. - GCF has no regional or country representation, and perceived to have limited knowledge of local issues. - Synergy opportunities with new forest support + SSC (energy, health and digitalisation). - Climate and security is getting more and more important (power cuts, droughts, storms). - Uncertainty about the actual accreditation of Caixa (CEF).
Burkina Faso	136,3	10 5 Mitigation 5 Cross-cutting	2 1 Mitigation 1 Adaptation	NDA: - Prime Ministry DAEs: - None!	6 Readiness activities - good knowledge – ref. detailed briefings (Sept. 2023, Feb. 2024)” - No DAEs! A Government Fond has been trying since 2021. - limited capacity in sector ministries - limited coordination between sector ministries - difficult to measure impact from Multi-Country projects - lack of ownership in Multi-Country projects - local adaptation projects needed including relative to climate and security
Colombia	292,9	7 4 Mitigation 2 Cross-cutting 1 Adaptation	4 1 Mitigation 2 Cross-cutting 1 Adaptation	NDA: - National Planning Department 2 DAES: - Findeter - Fondo para la Acción Nacional y la Niñez (FondoAccion)	12 Readiness activities - Limited knowledge of GCF - Synergy opportunities with SSC and new forest support
Egypt	296,9	2 2 Cross-cutting	2 1 Mitigation 1 Adaptation	NDA: - Ministry of Environment DAE: - Attijariwafa Bank (AWB)	2 Readiness activities - Limited knowledge of GCF - Danish focus on the energy sector and the SSC with DEA - opportunities to de-risk investments, building capacity in relevant authorities, and coordination with GCF

Ethiopia	297,1	6 4 Mitigation 2 Cross-cutting	2 1 Adaptation 1 Cross-cutting	NDA: - Ministry of Planning and Development DAEs: - Ministry of Finance and Economic Cooperation	4 Readiness activities - Limited knowledge of GCF - Other donors argue that ministries lack capacity to pursue GCF funding. Often international consultants are deployed to write applications - a need to make application requirements and procedures less bureaucratic and cumbersome - limited coordination between line ministries - climate and security an issue that the GCF should focus more on. Some activities through UNICEF and AU - More local adaptation projects needed
Ghana	103,7	5 2 Mitigation 1 Cross-cutting 2 Adaptation	2 2 Cross-cutting	NDA: - Ministry of Finance DAE: - EcoBank Ghana	5 Readiness activities - Limited knowledge (no interview conducted)
Indonesia	476,6	10 4 Mitigation 5 Cross-cutting 1 Adaptation	3 3 Mitigation	NDA: - Fiscal Policy Agency, Ministry of Finance 2 DAEs: - Kemitraan (Partnership for Governance Reform) - PT Sarana Multi Infrastructure	4 Readiness activities - Limited knowledge of GCF - Focus on energy sector and the SSC with DEA - recommendation to give priority to GCF's partnership approach - strong DAEs and NDA
Kenya	292.7	17 8 Mitigation 6 Cross-cutting 3 Adaptation	2 2 Adaptation	NDA -The National Treasury 2 NDAs -KCB Bank Kenya Limited - National Environment Management Authority of Kenya	5 Readiness activities -extensive knowledge of GCF, national climate plan with prioritised GCF interventions - GCF is considered bureaucratic with long and cumbersome application procedures, both for accreditation and application for projects. - Poor ownership of Multi-Country projects, poor information and knowledge of outcomes - need for better intergov. coordination and readiness support - limited capacity at DAE National Environment Management Authority of Kenya to prepare project proposals - dependent on external TA support - FAO project: Transforming Livelihoods through Climate Resilient, Low Carbon, Sustainable Agricultural Value Chains in the Lake Region Economic Bloc, Kenya, experiencing severe delays in GCF reviewing and approving the project.
Mexico	79	7 3 Mitigation 2 Cross-cutting 2 Adaptation	1 1 Cross-cutting	NDA: - Ministry of Finance and Public Credit (SHCP), Unit for Public Credit 2 DAEs: - Fondo Mexicano para la Conservación de la Naturaleza	4 Readiness activities - Limited knowledge - Synergy opportunities in energy sector with SSC - need for better coordination e.g. in the energy sector among national and international actors. Limited capacity in sector ministries might hamper coordination as well as Mexico's opportunities to access GCF funding.

				- Nacional Financiera, Banca de Desarrollo (Nafin)	
Morocco	259,5	8 4 Mitigation 4 Cross-cutting	3 2 Adaptation 1 Cross-cutting	NDA: - Ministry of Energy Transition and Sustainable Development 4 DAEs: - Agency for Agricultural Development of Morocco - Attijariwafa Bank (AWB) - CDG Capital S.A. - Moroccan Agency for Sustainable Energy (MASEN)	8 Readiness activities - Limited knowledge of GCF - Focus on SSC with Danish EPA but limited coordination from Ministry of Environment relative to other activities in the energy sector - Energy SSC in pipeline – possible synergies with GCF - water and access to water is the most important
Rwanda	214.3	9 3 Adaptation 3 Mitigation 3 Cross-cutting	4 4 cross-cutting	NDA: -Rwanda Environment Management Authority DAE -Ministry of Environment	8 Readiness projects - Very good knowledge and one of the first countries to get GCF-support - only positive remarks reg. ease of access to funding - strong country ownership also to multi-country projects - engaged with close connection to GCF secretariat - possible synergy with SSC
Uganda	no info on website	12 2 Adaptation 6 Mitigation 4 Cross-cutting	1 1 Adaptation	NDA: -Ministry of Finance, Planning and Economic Development - Ministry of Water and Environment, Uganda	2 Readiness projects - Engaged with NDA and Climate Finance Unit - Contributing to the development of Uganda Private Sector Strategy on National Climate Finance - Bilateral support to ACARFIM (GCF project) - possible synergy with SSC - limited capacity in national entities (NDA, DAE) - Uganda Development Bank applying for accreditation
Viet Nam	146	0	3 1 Mitigation 1 Adaptation 1 Cross-cutting	NDA: - Ministry of Planning and Investment DAE: - Vietnam Development Bank (VDB)	3 Readiness Activities - Limited knowledge of GCF - Viet Nam prefers access to grants and soft loans - GCF relevant relative the green transition agenda - capacity issues relative to accreditation - capacity issues relative to application procedures - Not interested in Multi-Country projects
Aggregated	> USD 3007 mio.	101 44 Mitigation 40 Cross-cutting 16 Adaptation	31 8 Mitigation 13 Cross-cutting 10 Adaptation		134 projects i.e. average 8-9 projects per country Average USD 25 mil. per project 75% Multi-Country/regional projects 52 Mitigation (40%) 53 Cross-cutting (40%) 26 Adaptation (20%) On average 5 readiness activities per country

General observations and feed-back from embassies:

- Limited knowledge of specific GCF projects.
- This simple sampling of projects in 13 countries shows a vast majority of Multi-Country projects primarily focusing on Mitigation and Cross-cutting projects. Only 20% of all projects focus on adaptation.

- Some staff interviewed had consulted the NDA or other donor partners before the meeting. The general feed-back from NDAs was less positive in regard to the GCF bureaucracy, lengthy accreditation processes, capacity gaps preventing accreditations, lengthy project application and approval processes, and lack of national ownership in Multi-Country projects.
- Climate and security perceived to be important and an area where the GCF could play a stronger role
- Focus on the Strategic Sector Cooperation (SSC) and potential synergy effects e.g. in building capacity in national sector ministries to either pursue accreditation or to apply for project funding.

Annex 9 GCF strengths and comparative advantages

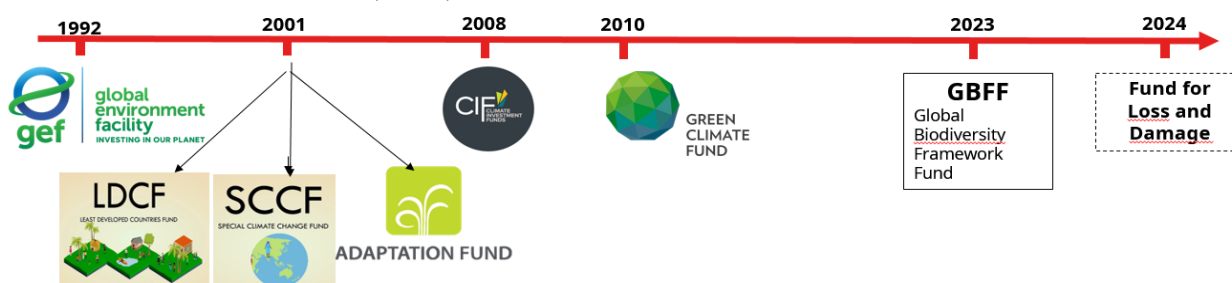
1. Introduction

The Midterm Review of the “Organisation Strategy for Denmark’s engagement with the GCF 2021-23” recommended a “*reflection of GCF strengths and comparative advantages compared to other climate finance mechanisms and initiatives supported by Denmark*” to underpin the replenishment period for 2024-27¹.

The comparison will focus on the three multilateral climate/environment organisations with similar features as the GCF, i.e. GEF, CIF and AF. Although, these funds already have a close cooperation as seen lately at COP28², they also have substantial differences making it difficult to compare the funds 1:1.

The section on “Complementarity and Coherence” focuses on GCF’s collaboration and synergies with the three comparable climate funds whereas the section on “Strengths and Comparative Advantages” looks at GCF’s UN-mandate, governance and results.

1.1 Introduction to the GEF, CIF, AF³



The Global Environment Facility - GEF

Established in 1992, the Global Environment Facility (GEF) is a family of funds including Global Biodiversity Framework Fund (GBFF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) among others. GEF has 186 member countries dedicated to confronting biodiversity loss, climate change, pollution, and strains on land and ocean health. Its grants, blended financing, and policy support help developing countries address their biggest environmental priorities and adhere to international environmental conventions. Over the past three decades, the GEF has provided more than US\$25 billion and mobilized US\$138 billion in co-financing for over 5,000 national and regional projects⁴. GEF is an operating entity of the financial mechanism of the UNFCCC⁵.

The Climate Investment Funds - CIF

The Climate Investment Funds (CIF) is one of the largest multilateral climate funds in the world. It was established in 2008 to mobilize finance for low-carbon, climate-resilient development at scale in developing countries. 15 contributing countries have pledged over US\$11 billion to the funds. To date CIF committed capital has mobilized more than US\$64 billion in additional financing, particularly from the private sector, for investments in over 72 countries. CIF’s largescale, low-cost, long-term financing lowers the risk and cost of climate financing. It tests new business models, builds track records in unproven markets, and boosts investor confidence to unlock additional sources of finance. Recognizing the urgency of CIF’s mission, the G7 confirmed its commitment to provide up to \$2 billion in additional resources for CIF in 2021⁶.

The Adaptation Fund - AF

The Adaptation Fund was established in 2001 and has since 2010 committed over US\$ 1 billion for over 160 climate change adaptation and resilience projects in the most vulnerable communities of developing countries around the world with over 43 million beneficiaries. AF pioneered “Direct Access” and “Enhanced Direct Access”, empowering countries to access funding and develop local projects through accredited national implementing entities⁷. As GCF and GEF, LDCF, SCCF, AF is part of UNFCCC’s financing mechanism⁸.

2. Complementarity and Coherence

As stated in the Strategic Plan 2024-2027, GCF works on complementarity and coherence within three areas⁹:

- enhancing complementarity by aligning programming, processes, and policies with other climate funds;
- working with accredited entities to evaluate the potential to implement their own policies while adhering to best practices and substantial equivalence to the GCF policies;
- treating data as a strategic and collaborative resource that can be linked to other data sources to enhance coherence and impact in climate investment programming; and strengthening complementarity and coherence with the wider climate finance architecture¹⁰.

GEF and GCF have since 2021 had a “Long-Term Vision on Complementarity, Coherence and Collaboration”¹¹. Having similar mandates, being operating entities of the UNFCCC, GCF and GEF have enhanced their collaboration over the years through organisation of Climate Finance Dialogues, Pilot Coordinated Engagement and regular exchanges at secretariat level. GCF and GEF also collaborate around the Great Green Wall Initiative, the Amazon Initiative and SFM-REDD+.

GCF aims to enhance the partnership with AF through scaling up successful AF-programs with GCF funding and strengthening peer learning through the joint AF-GCF support for “Direct Access Entities Community of Practice”. Almost 20 of the Adaptation Fund’s projects have been scaled up by GCF. *“That is a great win-win in which both funds’ comparative advantages have been made use of the Adaptation Fund’s ability to pioneer adaptation projects, and the GCF’s ability to scale up”*¹².

GCF is also exploring possibilities of synergies with CIF programming initiatives. In 2020, GCF and CIF jointly wrote a synthesis report on synergies within financial mechanisms, which found that the potential for synergies is large¹³, and during the development of Strategic Plan 2024-2027 the GCF explored synergy opportunities with relevant programs of CIF¹⁴.

GCF, GEF, CIF and AF established in 2021 of a joint steering committee to facilitate collaboration¹⁵. The funds have worked together on results, indicators, and methodologies for measuring impact to improve monitoring, evaluation, methodologies, gender mainstreaming etc. The evaluation units for each fund have met to discuss potential opportunities for synergies. The funds have also collaborated on several events and workshops¹⁶. At COP28 in December 2023, GCF, GEF, CIF and AF announced that they will bring proposals to their governing bodies in the second half of 2024 with an action plan ahead to COP29 with the aim of achieving synergies withing programming; monitoring, evaluation and learning; and communication and outreach¹⁷.

3. Strengths and Comparative Advantage

3.1 Strong UN-mandate

As the largest global fund dedicated to combating climate change, GCF holds a significant position within the climate finance landscape. Established by the Parties to the UNFCCC with an equitable representation of developed and developing countries on its Board, the GCF plays a pivotal role in supporting the objectives of the UNFCCC and the Paris Agreement to provide and upscale climate finance to developing nations. With a primary focus on enhancing adaptation and resilience efforts, particularly in countries most vulnerable to climate change impacts, the Fund serves as a vital mechanism for mobilizing and amplifying financial resources.

3.2 Governance

The governance of GCF embodies several key strengths that make it stand out compared to other climate finance institutions.

Gender balance: GCF has around 220 staff members at headquarters, with a close to fifty-fifty balance between men and women and 61 nationalities. The Secretariat management consists of 15 members, where 12 of them are women including the Executive Director¹⁸. Out of the 22 board members, there are 9 women¹⁹.

Governing structure and influence: GCF consists of:

- a 24-member board, organized into two constituencies, having co-chairs and committee members that is responsible for governance and oversight;
- a 15-member secretariat, which executes day to day operations;
- three independent units that facilitate accountability (see section on external evaluation and accountability).

The board composition “ensures consensus-based decisions between developed and developing countries”²⁰ and brings a crucial legitimacy to GCF²¹. The Second Performance Review (SPR) of GCF states that “GCF is perceived by its members and observers as providing more opportunity for influence in governing processes by developing country members, compared to for instance the GEF”²². The board is comprised of individuals who can influence the negotiations equally. Many of the developing country board members works in ministries such as environment or climate and serve as UNFCCC climate negotiators. On the other hand, the developed country board members are from ministries such as finance or foreign affairs with fund management experience²³.

Table 3-1 below includes a comparison of governance features for selected organisations.

Table 3-1. Comparison of governance features for intergovernmental organizations

INDICATOR	GCF	ADAPTATION FUND	GEF	UNDP	WHO	GAVI	GLOBAL FUND	WORLD BANK
Membership size	194	149	184	193	194	N/A	N/A	189
Staff or secretariat	220	18	77	7,000	8,400	732	700	16,000
Size of executive board ^a	24	16	32	36	34	28	28	25
Ratio of board size to membership	0.12	0.11	0.17	0.19	0.17	N/A	N/A	0.13
Frequency of board meetings	3/year (4 in 2022)	Min. 2/year (3 in 2021)	2/year	3/year	2/year	Min. 2/year (4 in 2021)	2/year	2/week
Decision-making	Consensus and voting	Consensus and voting	Consensus and voting	Consensus and voting	Consensus and voting	Consensus and voting	Voting	Majority: one dollar, one vote
Resident or non-resident board?	Non-resident	Non-resident	Non-resident	Non-resident	Non-resident	Non-resident	Non-resident	Resident
Mandated terms of office for directors	3 years, renewable	2 years, limits	3 years, renewable	3 years, renewable	3 years, renewable	No term limits ^b	2 years, renewable	2 years, renewable ^c
CEO/equiv. is ex officio member of the board? Chairman of the board?	No / No	No / No	No / Yes	No / No	Yes / No	Yes / No	No / No	No / Yes
Performance standards for CEO/equiv.?	Yes	No	Yes	No	No	Yes	Yes	No

Source: Adaptation Fund, 2008, 2021; Gavi, 2020, 2022; Global Environmental Facility, 2004, 2009, 2022, n.d.; Global Fund to Fight AIDS, Tuberculosis and Malaria, 2021, n.d.-a, n.d.-b; Green Climate Fund, 2022a, 2022b, n.d.; United Nations, 2011; United Nations Development Programme, 2022a, 2022b; World Bank, 2021, 2022a, 2022b; World Health Organization, 2020, 2022, n.d.-a, n.d.-b.

Note: ^a Most of these intergovernmental organizations include both stakeholders (e.g., member countries) and shareholders (e.g., donors) in their respective executive boards. The Global Fund’s executive board is composed primarily of implementers and donors.

^b Each eligible organization/constituency can replace its representative Board member at any time.

^c For elected executive directors; no term limits for appointed executive directors.

Transparency and participation: GCF seeks to ensure full transparency and participation especially around the decision-making process. 90 per cent of Board and Secretariat survey respondents in the SPR agree that sufficient information is made publicly available²⁴. Thus, for instance all board meetings are live streamed and recorded for future purposes on the website. Board documents are available in real time on the website at the same time as forwarded to board members. The SPR states that the GCF compares well to e.g. GEF, CIF and AF when it comes to non-state representation, with civil society and private sector organisations institutionalised in the governance structure from the beginning²⁵. Furthermore, it states that transparency and integrity are relatively strong in GCF, which arguably leads to a high level of accountability²⁶.

There are permanent observers from civil society and private sector organisations present with speaking rights at all board meetings. The newest accreditation of observer organisations includes 322 civil society organisations, 90 private sector organisations and 76 international entities²⁷. Compared to CIF that has 12 civil society observers, 7 private sector observers and 5 Indigenous Peoples observers, and AF has 9 observers. The observer function in GCF highlights the focus on a broad network of civil society, indigenous peoples and local community organisations that enables collaboration across organisations and countries. Furthermore, it shows the inclusion of different and diverse set of voices to inform GCF policy and decision making processes²⁸.

GCF has integrity policies in place, supporting public accountability and transparency²⁹, which makes GCF comparatively speaking open, inclusive and transparent with a concern for its legitimacy and trustworthiness.

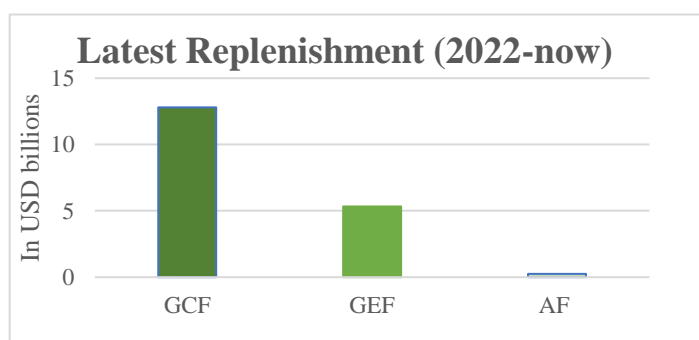
External evaluation and accountability: The GCF is evaluated by independent evaluators and all reports are available to the public in drafts and final versions. GCF's has three different independent accountability units: Independent Integrity Unit – to investigate allegations of fraud or corruption, Independent Redress Mechanisms – to receive, evaluate and make recommendations on complaints related to the operation of the Fund, and the Independent Evaluation Unit³⁰ conducting performance incl. thematic reviews. The Independent Evaluation Unit makes evaluations based on board-approved work plans and is independent from the Secretariat³¹.

Governance performance and accreditation: The SPR states that GCF's governance performance is comparable to other multilateral institutions at similar levels of organizational maturity as seen in table 3-1³². Policy decision-making has accelerated especially in the second half of GCF-1 with several key policies approved. The SPR assesses that “the Board is effective in its key functions of approving funding proposals (FPs) and approving entities for accreditation and is actively pursuing options to clarify and improve Board operations”³³. Accreditation in GCF has generated a very diversified network of Accredited Entities – both in terms of organisation types and scopes³⁴. GCF has a focus on “Direct Access” related to strengthening country ownership of programming and improvement of access to fund resources³⁵. GEF has 18 implementing agencies, mostly multilateral agencies and banks within the scope of climate change, where GCF's accreditation strategy is more broad, only limited by board-decisions³⁶. Currently, GCF has 113 accredited entities, including both public and private sector entities. Hereby, GCF is focused on securing a broad access to climate finance with different types of entities³⁷.

Overall, the diversity in staffing, inclusive decision-making structures, and a commitment to transparency and accountability showcases strong governance. Its balanced board composition fosters consensus between developed and developing nations, enhancing legitimacy. GCF's emphasis on external evaluation and independent accountability units ensures integrity and efficiency in fund utilization. GCF's governance performance aligns with other multilateral institutions, while its accreditation strategy promotes broad access to climate finance. In essence, GCF's governance strengths underscore its pivotal role in advancing equitable and effective climate action globally.

4. Results and volume of GCF

For GCF's second replenishment, pledges were confirmed for a total of 12,8 billion USD from 31 countries out of which 19 countries increased their pledges compared to the previous period. This is 2,8 billion USD more than what GCF received in the GCF-1 replenishment period³⁸. In comparison, GEF received 5,33 billion USD for GEF-8 replenishment³⁹ and AF's latest contributions are around 255 million USD⁴⁰.



GCF has committed 13,9 billion USD in investments and the size of the activity portfolio has doubled in the first two years of GCF-1⁴¹. Co-financing reaches 53 billion USD⁴². GEF has accumulated more financing and co-financing being established in 1994 (GCF in 2015). Comparable to CIF, GCF has diversified geographically (Table 4). AF is a much smaller fund with less financial capacity than the others, but still has a comparably large number of projects.

Table 4 Key data comparison between GCF, GEF, CIF and AF

Funds	GCF	GEF	CIF	AF
Financing (Billion USD)	13.9	21.7	11.2	1.2
Financing incl. co-financing (Billion USD)	53	119.0	64.3	1.7
Mobilisation factor	3.5	4.5	4.7	0.4
Number of projects	253	5000	407	165
Number of countries	148	164	72	87
Total disbursements (Billion USD)	4.3	16.2	4.5	0.8
% disbursed out of total	8.1	13.6	7	46.9
Mean contribution per project (Million USD)	17	3.2	11.1	4.9
Danish Financing (Cumulated, billion DKK)	1.2	3.3	2	N/A

Source: ⁴³

The vast majority of GCF initiated projects are still to reach completion. According to the SPR, many projects are making good implementation progress, and about three quarters of all projects were rated as having an overall satisfactory performance. Hereof 80 per cent mitigation projects and 56 per cent adaptation projects rating satisfactory. Furthermore, GCF is likely to exceed the benchmark for mitigation⁴⁴.

GCF has a broader scope of financial instruments compared to AF and GEF that only uses grants; and has a relatively high risk appetite compared to AF and GEF and also has a higher average ticket size. CIF has a blend of financial instruments, including grants, contingent grants, concessional loans, equity and guarantees⁴⁵. As illustrated below the size and volume of GCF places GCF as a green market accelerator, with potential to scale up, comparatively to AF and GEF.

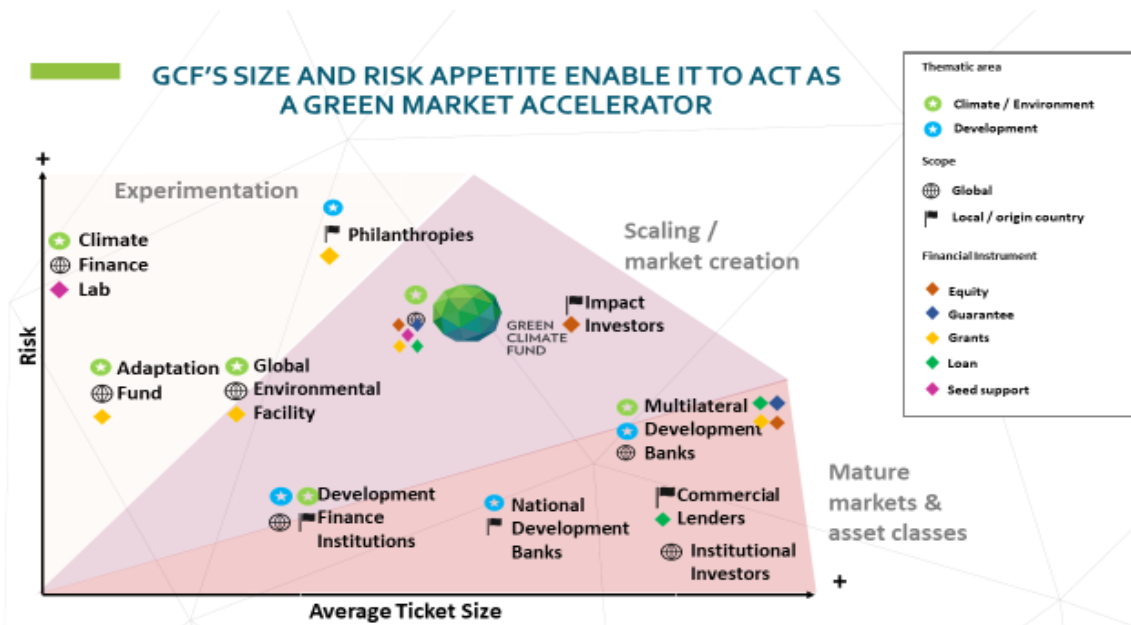


Figure 2: Source: Yannick Glemaric, Executive Director. January 2023.

GCF's diverse range of financial instruments, coupled with its higher risk appetite and average ticket size distinguishes it as a dynamic player capable of catalysing green market initiatives. In contrast, other funds like the AF and GEF primarily utilize grants, emphasizing GCF's unique approach in leveraging various financial mechanisms to drive climate action.

Table 5 Overall comparison between the GCF, GEF, CIF and AF

Funds	GCF	GEF	CIF	Adaptation Fund
Thematic focus	Cross-cutting: Mitigation (46pct.)/Adaptation (54 pct.). Cooperation for climate action, great green wall, Amazon and Early Warning Systems	Gender responsive approaches, private sector engagement, nature-based solutions. Circular economy, resilience, environmental security and behaviour change	Mitigation & Adaptation	Gender & Locally-led adaptation action
Other projected results	1 bl. People with increased resilience	biodiversity protection of 345 mio ha land + 170 ha marine	15.1 mio people with increased resilience	43 million beneficiaries in developing countries + 635.296 HA natural habitats preserved/restored
Geographical prioritisation	Minimum allocation to LDC's, SIDS and African countries - Eastern Europe: 13 - LATAM and Caribbean: 64 - Africa: 101 - Asia-pacific: 101	land allocation based on calculation, divided every 4 years. More to LDC's and SIDS in GEF-8. Africa: 682 - Asia: 509 - Latin America and Caribbean: 423 - Global: 232 - Europe and Central Asia: 185 - Regional: 15	Poorest countries primarily through SCF, the middle income countries primarily through CTF. Sub-Saharan Africa: 84 - Asia: 106 - Europe and Central Asia: 52 - Latin America and the Caribbean: 117 - Middle East and North Africa: 16	Africa: 44 - Latin America and the Caribbean: 27 - Asia-Pacific: 42 - Eastern Europe: 6 - multi: 2 (2021)
Application process	Accreditation system: Part in project funds: International 76%, regional 11% and national entities 13%.	GEF allocates funds every 4th year to every of the 144 receiver countries that a programmed through 18 GEF partners	MDB's are implementing partners. Access to funds id obtained by MDB-led investment plans and projects in cooperation with countries	Accreditation system.
Time from concept to agreement	Fastest source of climate financing in large scale projects (+250 mio USD)	For projects over 2 mio USD: Max 18 months. Under 2 mio USD: Max 12 months	MDB-led country investment plan approved max 1.5 years after invitation to tender + implementation max 1.5 years after approval.	AF is prioritising "short and efficient project development and approval cycles and expedited processing of eligible activities shall de developed"
Governance	24 board members 50-50 distribution of board members from developed and developing countries	32 board memebers. 18 from GEF-beneficiary countries, 14 from developed countries.	16 board members in each of CIF's boards. Equal distribution of developed and developing countries.	16 board members and 16 alternates. 69% is developing countries
Fund's objectives	GCF PROMOTES PARADIGM SHIFT AND IMPLEMENTATION OF THE UNFCCC AND THE PARIS AGREEMENT (a) Promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development; and (b) Support developing countries in the implementation of the UNFCCC and Paris Agreement within the evolving climate finance landscape	There is an urgent need for GEF to help transform key systems, specifically the "economics" that presently drive these systems, toward sustainability, resilience, and positive outcomes for nature. The end goal should be to halt nature loss and to ensure a nature-positive and climate-neutral pathway by the end of the decade, with a vision for bending the curve by 2030 and for substantial gains by 2050.	Accelerated transformational change and climate financing that enable progress toward net-zero emissions and adaptive, climate-resilient development pathways, in a just and socially inclusive manner	The Adaptation Fund finances projects and programmes that help vulnerable communities in developing countries adapt to climate change. Initiatives are based on country needs, views and priorities.
Sector focus	1) energy generation and access, 2) transport, 3) buildings, cities, industries and appliances 4) forests and land use 5) livelihoods of people and communities 6) health, food and water security 7) infrastructure and the built environment 8) ecosystems and ecosystem services	1) Biodiversity 2) Chemicals and Waste 3) Climate Change 4) International Waters 5) Land degradation 6) Ozone Depleting Substances 7) POP's 8) Multi focal area	1) Renewable energy/Energy efficiency 2) transport 3) Agriculture and landscape management/ approaches 3) Sustainable forest management 4) Water resources management 5) Infrastructure 6) Enabling environment 7) Climate information systems and disaster risk management	1) agriculture 2) Coastal Zone Management 3) Disaster risk reduction and early warning systems 4) Ecosystem based adaptation 5) Food security 6) Forests 7) Rural & Urban Development 8) Water management

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- ¹ Ministry of Foreign Affairs, June 2022. Midterm Review of Organisation Strategy for Denmark’s engagement with the Green Climate Fund (GCF) 2021-2023, p. 24.
- ² [Climate Funds unite to enhance access to climate finance and increase impact | Green Climate Fund](#)
- ³ For GCF intro, see chapter 2.
- ⁴ [Who We Are | GEF \(thegef.org\)](#)
- ⁵ Baggrundsnotat til ministeren for udviklingssamarbejde. Overvejelser om muligt dansk engagement i Adaptation Fund, 2023.
- ⁶ [CIF Contributors | Climate Investment Funds](#)
- ⁷ [About \(adaptation-fund.org\)](#)
- ⁸ Baggrundsnotat til ministeren for udviklingssamarbejde. Overvejelser om muligt dansk engagement i Adaptation Fund, 2023.
- ⁹ [strategic-plan-gcf-2024-2027.pdf \(greenclimate.fund\)](#), p. 12
- ¹⁰ <https://www.greenclimate.fund/sites/default/files/document/05-annual-update-complementarity-and-coherence-gcf-b37-inf14-add02.pdf>, p. 1
- ¹¹ [Long-Term Vision on Complementarity, Coherence and Collaboration between the Green Climate Fund and the Global Environment Facility \(thegef.org\)](#), p. 3
- ¹² [Climate Funds unite to enhance access to climate finance and increase impact | Green Climate Fund](#)
- ¹³ [synergies-climate-finance.pdf \(greenclimate.fund\)](#), p. 6
- ¹⁴ [05-annual-update-complementarity-and-coherence-gcf-b37-inf14-add02.pdf \(greenclimate.fund\)](#), p. 2
- ¹⁵ [Enhancing access and increasing impact: the role of the multilateral climate funds | Green Climate Fund](#)
- ¹⁶ <https://www.greenclimate.fund/sites/default/files/document/05-annual-update-complementarity-and-coherence-gcf-b37-inf14-add02.pdf>: p. 4
- ¹⁷ [Enhancing access and increasing impact: the role of the multilateral climate funds | Green Climate Fund](#)
- ¹⁸ <https://www.greenclimate.fund/about/secretariat#overview>
- ¹⁹ [GCF Board | Green Climate Fund](#)
- ²⁰ <https://www.greenclimate.fund/boardroom>
- ²¹ <https://ieu.greenclimate.fund/sites/default/files/document/230406-spr-final-report-top-web-isbn.pdf>, p. 15
- ²² Ibid. P. 24
- ²³ [Second Performance Review of the Green Climate Fund](#), p. 24
- ²⁴ [Second Performance Review of the Green Climate Fund](#), p. 28
- ²⁵ [Second Performance Review of the Green Climate Fund](#), p. 26
- ²⁶ [Second Performance Review of the Green Climate Fund](#), p. 28
- ²⁷ [Observers | Green Climate Fund](#)
- ²⁸ [Second Performance Review of the Green Climate Fund](#), p. 27
- ²⁹ [Second Performance Review of the Green Climate Fund](#), p. 28
- ³⁰ [GCF Handbook – Decisions, policies and frameworks. As agreed by the Board of the Green Climate Fund from B.01 to B.30.](#), p. 518
- ³¹ [Accountability | Green Climate Fund](#)
- ³² [Second Performance Review of the Green Climate Fund](#), p.23
- ³³ Ibid. p. 15
- ³⁴ [Second Performance Review of the Green Climate Fund](#), p. 46
- ³⁵ [Second Performance Review of the Green Climate Fund](#), p 46
- ³⁶ [GEF-GCF_study_coherence_Final_31May2023.pdf \(thegef.org\)](#), p. 76-78
- ³⁷ [GEF-GCF_study_coherence_Final_31May2023.pdf \(thegef.org\)](#), p. 84
- ³⁸ <https://www.greenclimate.fund/gcf-2>
- ³⁹ [GEF-8 Replenishment | GEF \(thegef.org\)](#)
- ⁴⁰ [Adaptation Fund: FY23-Single Audit \(worldbank.org\)](#)
- ⁴¹ <https://ieu.greenclimate.fund/sites/default/files/document/230406-spr-final-report-top-web-isbn.pdf>, p. 8
- ⁴² [Portfolio dashboard | Green Climate Fund](#)

⁴³ Data:

GCF:

<https://www.greenclimate.fund/sites/default/files/document/strategic-plan-gcf-2024-2027.pdf>

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Adaptation Fund:

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<https://www.adaptation-fund.org/about/>

<https://www.adaptation-fund.org/wp-content/uploads/2022/12/Medium-Term-Strategy-2023-2027.pdf>

⁴⁴ <https://ieu.greenclimate.fund/sites/default/files/document/230406-spr-final-report-top-web-isbn.pdf>, P. xxi

⁴⁵ [CIF Funding | Climate Investment Funds](#)